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# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

FBIS-USR-92-137

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## POLITICAL AFFAIRS

### Travkin Advocates Adjusting, Not Abolishing Course to Market Economy

934C0115A St. Petersburg SANKT-PETERBURGSKIYE VEDOMOSTI in Russian 29 Sep 92 p 1

[Article by D. Genkin: "N. I. Travkin: 'Russia Is Not Turkey or Brazil'"]

[Text] Visiting our city last Sunday, the chairman of the Russian Democratic Party and head of administration of Shakhovskiy rayon of Moscow Oblast, N. I. Travkin, held a press conference for St. Petersburg journalists.

N. I. Travkin said that he had come to the banks of the Neva to participate in a broadcast on St. Petersburg television. The Russian Democratic Party chairman emphasized that this trip was not associated with the visit to St. Petersburg by another leader of the Civic Union, A. I. Volskoy.

Answering questions posed by journalists, the guest noted that the efforts of the current government of Russia to reform the country's economy have not yielded positive results. The main reason for this is the fact that the recommendations of the International Monetary Fund, on which the government's tactics are based, totally disregards the Russian specifics. "Russia is not Turkey or Brazil," added the leader of the Russian Democratic Party. The desire to enter the market in one leap has caused a decline in industrial production and the unbridled growth of prices, and has acutely worsened the material position of the overwhelming majority of the population. In N. I. Travkin's opinion, people do not understand why such reforms are needed, and refuse to participate in them.

A serious course correction is needed. Specifically a correction, but certainly not a rejection of the strategic task of creating a market economy. The Civic Union, which considers itself to be a constructive opposition to the government, in the near future intends to present to the president its own conception of implementing reform. The pivotal point of this conception centers around interesting and involving in reform practically all strata of the population. N. I. Travkin is convinced that the Civic Union's program will be supported by the president and the Supreme Soviet. After this, evidently, there will be some cadre changes in the government.

The popular political leader emphasized that positive changes in the economy are impossible without the strengthening of Russian statehood and steadfast adherence to the laws throughout the entire territory of the country.

### Social Democrats Call for Cooperation

934C0115B Moscow NEZAVISIMAYA GAZETA in Russian 10 Oct 92 p 2

[Unattributed article: "Social Democrats—Against Squabbles, but for Realism"]

[Text] The Moscow Social-Democratic Center, created on 14 May of this year, has released an announcement in which, noting the "pettiness and dilettantism" which has become apparent among part of the leadership by the social-democratic movement, it is calling upon its supporters to turn away from "secondary internal squabbles... to face new major problems." For this purpose, a conference of the Moscow Social-Democratic Center will be convened in November-December 1992, at which there will be a discussion of developing a responsible significant state strategy on the basis of "open and honest interaction with the representatives of various directions of reform."

The social-democratic center intends to define new forms of cooperation "with the major social forces capable of ensuring the stable future of Russia, its specific cultural and international role." The center has also announced its readiness for political cooperation with the forces entering into the "Civic Union" block.

### Salvation Front's Zyuganov Blasts Media

934C0088A Moscow SOVETSKAYA ROSSIYA in Russian 8 Oct 92 p 2

[Article by Gennadiy Zyuganov under the heading "Fourth Estate or Fifth Column?": "Army of Destruction"]

[Text] "The opposition is afraid of freedom of the press, it cannot exist in the fresh breeze of glasnost, and aspires to take society back to the era of totalitarian domination over people's minds and hearts." This is the reaction of the authorities and the "free" press and television to all attempts to raise the question of official policy in the sphere of the mass media.

Let us recall some of this year's events. In the spring the matter was raised at the Congress of People's Deputies, but it was by clever manipulation pushed onto the Supreme Soviet session and is "stewing" there still. The June march of "left" and "right" on Ostankino was met by fire from all propaganda guns, and when arguments were insufficient, the Special Militia Force was summoned to assist. Khasbulatov's intention of resuming publication of the newspaper IZVESTIYA as the organ of the soviets and investigating the legality of the privatization of a state-owned publishing house by a group of journalists encountered the desperate resistance not only of the entire democratic press but also Yeltsin himself.

So tumultuous and well-coordinated a reaction may be explained only by the fact that all three instances went to

the heart of the mainspring of the "new order" being implanted in the country and its vital nerve, deprived of which it would collapse.

If the mass media really are the fourth estate in the modern world, why do they react so painfully to the least attempts at public supervision of them, without which no democratic authority is conceivable?

There are very serious reasons for this, evidently. It seems to me that this problem must be seen in two aspects. **The first aspect:** the relationship of the media and the authorities. **The second aspect:** the relationship of the media and the state, regardless of what political force is in power at a given moment. We like to talk about the independence of the media. But whereas in the first aspect this is a good thing, in the second, alternatives, as they say, are possible, and the media's independence of the state is far from always salutary for society.

But let us turn initially to the first aspect of the problem. There are elementary and commonly accepted standards of activity of official mass media in a democratic and pluralist society. State-owned television cannot be a spokesman for the government exclusively. A clear distinction is made between the "political news" and "political program" concepts. Whereas the latter may express the position of different political forces and groups of society, the rule of strict limitation of the extent of the anchor's comments operates for news. In instances where avoiding comment is simply impossible, it should incorporate information on the position of other parties also. The wording of political information should avoid linguistic and logic constructions of a value nature, not to mention methods from the arsenal of psychological warfare: the juggling of facts, "persuasive rhetoric," intonation and mimicry with a purpose, special montage methods, and so forth. The subjects of the reports and the composition of their characters should reflect the whole social structure of society and the problems disturbing it, not some particular group of them.

Unless these basic requirements are met, there is a conscious attempt by the mass media to impose on the public mind exclusively their particular vision of events—an attempt violating the principles of the functioning of the democratic society and characterized as information totalitarianism.

Back this spring a group of experts conducted at the request of the joint opposition an analysis of the content of the "ITA" and "Vesti" news programs and concluded that a trend toward information totalitarianism was clearly emerging in them. In this connection an action committee of people's deputies and public figures put forward a number of proposals geared to assurance of the proportional representation of the interests of all strata of society and defense of Russia's cultural traditions on state television and radio.

The proposals provided, *inter alia*, for the allocation to the opposition of one television channel and one radio station; the creation from representatives of countries of

the CIS of an international commission for monitoring the television's Channel 1; limitation of the extent of the broadcasting of foreign television programs and the creation on television's Channel 1 and on Russian radio of special programs for the Russian population of countries of the CIS, since Russian television broadcasts are received mainly only on the territory of the Russian Federation; the reinstatement at the Ostankino Television and Radio Company of journalists dismissed on political grounds; the publication of lists of all the commercial structures of television and radio and their founders and participants.

There is nothing out of the ordinary in such measures. It is sufficient to study the experience of such countries as France or Japan to be convinced of this. But it is in this case that the experience of civilized political community living is not binding on the leadership of our state-owned mass media. It has discerned an infringement of its special position as the unelective and irremovable organ of administration of public opinion and organization of the interaction of large social groups. The monopoly right to determine the volume, content, and nature of the information daily entering each home affords the leadership of the media more real power than the government and the opposition put together, and under no circumstances would it be willing to part with it.

Television today truly stands above all of society, but its position here is by no means neutral or objective. We need to discuss not only and not so much the fact that television one-sidedly supports the government in its rivalry with its political and ideological opponents as the fact that state-owned television is conducting an independent struggle against its own state and its own people.

One cannot rid oneself of the impression that Yakovlev-Poptsov television is doggedly pursuing some super-task going far beyond the framework of current political interests and the current political struggle. It consists of disconnecting the people, destroying social ties, undermining among people the feeling of natural human solidarity (for which tension in society is being skillfully fueled), and at the same time suppressing the people's will to resist, sowing in people apathy, a sense of doom, and a national-state inferiority complex, and depriving the people of their roots and vitality.

In this context the hysterical anticommunism unleashed by the media has been by no means an end in itself but merely the first and most suitable cover and disguise of a more profound and broader-based offensive against all key values of statehood, community living, spirituality, and national self-awareness. It is with good reason that in publications "for a small group of the initiated," "cata-stroyka" theorists are declaring entirely openly that the main obstacle in the way of the "reforms" and "entry into civilization" are the "nuclear nucleus" (an illiterate expression meaning in translation "atomic nucleus") of the Russian people and the millennial Russian "paradigm." So things are by no means confined to the toppling of the "communist idol." Such

verbal baubles are good only, perhaps, for satisfying the ambition of entertaining orators. But serious speakers have spread the compasses far wider—they see as their real task extirpation of the features of national, folk life, and mental and ethical structure passing from family to family and generation to generation.

More compelling reasons and arguments proving the antipopular essence and focus of the entire activity of Yakovlev-Poptsov television than the consistently servile, maliciously Russophobic campaign for the creation of an **absolutely foreign language environment**, a kind of "operation ouster" of Russian by Americanized slang, could hardly be found.

Here is just a bare (and far from full) list of current titles of television programs and headings: "Business Class," "Transrosefir," "Chrono," "Nota bene," "Telestroyservis," "Bridge," "Tinko," "Euromix," and other such "hieroglyphs."

A whole bouquet of "shows" is extensively represented in its own right: "Hit Top Show," "Kalvar Show," "Sport Show," "Show File," "Hit Conveyor," "Retroestrada," "Anshlag," "Weekend for Teens"....

And again and again—"entertainments," puzzling and, at times, utterly incomprehensible (without a dictionary): "Paradise Cocktail," "Eldorado," "Pop Shop," "Family Net," "Multi-Pulti," "Express-Kino," "Rock Max," "Videorama," "Videoguide," "Pilgrim," "Terminal," "Megapolis".... Thus, approximately 30 names—and not a word in Russian! The "winner's laurels" here undoubtedly go to the Russia television channel. O. Poptsov's firm is "reviving Russia" by way of the expulsion from the vocabulary and the gradual oblivion of the very foundations of the nation—its language. For the gentlemen "democrats," obviously, Russia is at best a geographical concept, but not a spiritual one, and has in practice no connection with the fate of its indigenous people. It is with good reason that Russia is for them "this country...."

One further channel of the "extirpation" of patriotism, the humiliation of Russia, and the mockery of the Russian people and their traditions, morals, and spirituality is the unending stream of anti-Russian pop songs, in both form and content, so to speak. I refer by no means merely to the domination of Western show clips and rock groups and the raving of their "stars"—around the clock on all programs. Nor are "ours" lagging behind. Never mind recalling today the young girl's lament of three years back: "American boy, take me with you," today you run even from "damned Russia," to wherever your eyes take you....

Let me go to the Himalayas,

Let me go for good,

Otherwise I'll start to howl, otherwise I'll start to bark,

Otherwise I'll torment someone....

It is significant that S. Lomakin "produced" the wholly indecent, wheezy-voiced performer of this "song"-threat right at the end of the popular program. A clever placement of emphasis!

It is impossible to exaggerate the threat which is contained in the numerous religious broadcasts, the majority of which is crudely tendentious and aimed (directly or indirectly) against Orthodoxy as a state-conciliatory ideology. Television "heroes" have been the Reverend Moon and the Pentecostals and the Jehovah's Witnesses and Adventists from the United States.... And in what servile and uplifting manner "Vesti" painted the visit of the Jesuits to Siberia—a "goodwill mission," no more, no less!

Disinformation specialist Ye. Kiselev introduced to millions of television viewers with the greatest reverence and such an intake of breath the grand master of France's main masonic lodge. And did he introduce him! Monsieur mason strode along the wet flagstones of the Kremlin's Ivanov Square, and his patent-leather ankle boots "crushed" to pieces the towers of the great Kremlin cathedrals reflected in these mirror-like flagstones, as it were.... There would hardly be any simpletons who would believe in the "accidental" nature of such meaningful ritual shots.

A favorite pastime of the "empire of lies" is the savoring of all kinds of trash as a token of the new "beautiful" life. What stylish presentations! What stupendous prizes for the lucky ones! One has the impression at times that the television producers do in fact **sincerely** admire all kinds of vulgar shows, primitive competitions, and so forth.

One has the impression that the activity of television is being directed by forces for which Russia is nothing more than the object of a great geopolitical game and is a part of the global disinformation campaign contributing to the establishment of a "new world order" under the American aegis.

We would recall that so-called "international sanctions," in practice the United States' aggression against Iraq and Serbia, were preceded by the total indoctrination of world public opinion by the mass media. Streams of lies and slander rained down on these countries impeding American expansion. It is being learned today that the "slayings of infants" in Kuwait and the "death camps" in Serbia were a shameless invention, but too late—the deed has been done. In both cases our television followed the lead of the West, justifying and whitewashing the servility of Russia's representatives in the Security Council. And at this same time it is displaying astonishing "modesty" when it comes to domestic events really threatening international peace and law and order. In Georgia power has been seized by putschists headed by Shevardnadze, and they have unleashed the genocide of the Ossetian and Abkhaz peoples, but television is getting away with brief objectivist reports through clenched teeth, from which one can make out nothing. Forty percent of the population is being subjected to real



racial discrimination not somewhere in Transvaal but in cultured Estonia—total silence.

The nature of the illustration (or coverup) of Russian-Estonian, Russian-Moldavian, and Russian-Georgian relations compels the assumption that information preparation is under way to ensure that, in the event of an attempt by Russia to defend in these republics the Russian population and its economic and strategic interests, it is portrayed, like Iraq and Serbia, as an enemy of mankind. The analogy is total here with the sole exception being the fact that this function has been entrusted not only and not so much to overseas as to the domestic media, which exist on the taxpayers' money, what is more.

Their role of a real fifth column stands out in graphic relief also in the nature of the coverage of domestic events. Let us reflect on the following figure: just five percent of all topics in "ITA" and "Vesti" news programs is devoted to the life and labor of the workers of state-owned enterprises and peasants and kolkhoz members, that is, the classes even now producing practically 100 percent of the gross domestic product. It has to be absolutely clear to any competent specialist in the sphere of social psychology that this alone creates a threat to the stability of society.

Two years ago I wrote in SOVETSKAYA ROSSIYA that glasnost had essentially assumed the nature of psychological warfare against its own people and forecast a further deterioration in the situation under the influence of the "democratic" media. For this I had to render account to the top party leadership, which has now gone over to the opposite camp, and the forecasts have, alas, come true. This is yet further proof that admonitions do not help. Decisive action is needed. Unfortunately, the people's summer offensive against the "empire of lies" produced no marked results as a consequence of the lack of unity and concordance of action in the ranks of the opposition.

Today the joint opposition is bringing order to bear in its ranks. Active preparations for a congress of the National Salvation Front are under way. Its action program and the program of the Russian National Assembly pay considerable attention to official policy in the sphere of the mass media. The immediate discussion of this issue both at the Supreme Soviet session and at the Congress of People's Deputies is an urgent necessity. It is time to adopt tough decisions, despite the inevitable new wave of hysteria and slander. After all, we are talking neither more nor less about the country's security. No state can tolerate the existence within it of a fifth column, if even it has laid claim to the role of fourth estate.

#### **Media Committee Reacts to Monopoly Charge**

934C0086A Moscow SOVETSKAYA ROSSIYA  
in Russian 15 Oct 92 p 2

[Article by N. Garifullina: "SOVETSKAYA ROSSIYA Publication Discussed in Parliamentary Committee: Is the 'Fourth Estate' Subject?"]

[Text] The Committee on the Mass Information Media of the Russian Federation Supreme Soviet discussed in its regular session last Tuesday an article by Gennadiy Zyuganov "A Host of Ruin," which was published in SOVETSKAYA ROSSIYA 8 October 1992. That such a lofty parliamentary committee would condescend to the level of the persecuted newspaper and would devote to the problems raised by the leader of the popular-patriotic opposition almost three and a half hours with a short recess would have been unimaginable a short time ago. The point is evidently not only that the newspaper had exposed an acutely developing problem of great social resonance, but, I dare say, also that the voice of the opposition itself has become stronger, having received powerful reinforcement "from below," which is already simply impossible to ignore.

This is the admission that came from the lips of A. Medvedev, a deputy from the Democratic Russia bloc: "An opposition is a good thing, and we must not forget that we could find ourselves in the same situation, and we would come forward with such demands."

It is possible that the realization of new realities and such a possible prospect determined the character and tone of the discussion—calm, businesslike, concerned—although the opinions and judgments of the participants in the discussion by no means always coincided not only with the positions of the author of the article, but also with one another.

Deputy Igor Zbronzhko, for example, perceived in G. Zyuganov's article "the opposition's desire to turn state television into Nevzorov's '600 Seconds.'" V. Isakov remarked to that: And did it not occur to you that the enormous popularity of that television program has to do precisely with the fact that the opposition has exactly 600 seconds of television air time?

Opening the session, committee chairman Vyacheslav Bragin emphasized more than once that "this is not an analysis of an article, is not some kind of condemnation of the author of the article or of the newspaper." The chairman admitted that conversations on the mass information media not only have not been dying down, but are taking on new strength, and that a segment of the deputies' corps is striving again to consider the question of the mass information media at the Supreme Soviet session.

Most of the participants in the discussion were in solidarity with the chairman. Thus, deputy Sergey Sheboldayev noted that "the occasion given by the article is timely: A peculiar monopolism in the media of mass information and destructive tendencies do exist."

Deputy Anatoliy Medvedev, who considers the author of the article to be his ideological opponent, conceded that "the opposition brings healthy kernels, and to dismiss them is simply not permissible." He suggested that a program committee be established, which should include different political forces. True, the respected deputy promptly added the stipulation that the creation of the

committee and the development of the program policy could become the subject of the work of the Committee, so that this initiative should originate not with Zyuganov, but precisely with the committee.

Without agreeing with the opinion that the article in SOVETSKAYA ROSSIYA alone is not cause for discussion in the committee, deputy Igor Eremin said that the question should be television and radio, because subscription, by expert estimate, will comprise 40-50 percent in 1993, a significant portion of which will be to local publications; and the newspapers and journals that traditionally made up the basis of the information space of Russia, owing to the clearly inadequate effective demand of the population, will not be able to play a serious role in the formation of public opinion. Therefore, state radio and state television are acquiring a very special significance.

Practically all of the participants in the discussion were in agreement with this point of view, and they also agreed that additional regulators of the activity of state television and radio companies are required.

A call was also issued to separate on television authorial commentary from information. By way of illustration to this idea, deputy Nikolay Pavlov brought up the trip of Viktor Anpilov, leader of the RKRP [Russian Communist Workers Party], to the international conference in Brazil, which was carried on an information program on the first channel of Ostankino. He termed the showing of the portraits of Nina Andreyeva and Viktor Anpilov against a background of dancing women's buttocks as a mockery of the honor and dignity of the citizen, a scandalous instance of the insulting of a person for purely political reasons. This is cause for a lawsuit, emphasized N. Pavlov.

Journalists have lived through the "intoxication of freedom," noted deputy Yuriy Nesterov. But intoxication passes away, but the hangover remains, and it is terrible. Freedom of the word is not all-inclusive permissiveness, and it not freedom from the law, conscience, and journalistic ethics. And there was conversation in the committee about this as well, which was very useful for the writing community. It was emphasized that the moral costs of seeming independence and freedom are exceedingly dangerous.

Standing alone were the speeches of the experts—of the committee's main specialist, Tatyana Krasnopevtseva, and critic Valentin Oskotskiy. Here, serious analysis was replaced with scathing labels and invective aimed at the author and especially—with Oskotskiy—at the newspaper. There is no sense now in debating with such orators. The point is something else: There was a useful discussion about the relations between the authorities and the mass information media, the press and the state, about the necessity of demonopolizing state television by means of the creation of a public oversight council of the committee itself. And the session, in the opinion of the

participants in the discussion, became in some measure the prototype of such a council. I am pleased to join my voice to that point of view.

### Russians Polled on Crime, Gun Ownership

934C0095A Moscow PRAVDA in Russian 15 Oct 92 p 4

[Article by Vyacheslav Gerasimov: "Sociologists Offer Evidence: Fate Is Criminal, Life Is Cheap—What Could Free Weapons Sales Lead To?"]

[Text] Pravda's sociological service, in conjunction with the Dnepropetrovsk Social Monitoring Foundation (V. Bedenkiy, S. Shevchenko), conducted a survey of 475 residents of Moscow and 452 residents of Dnepropetrovsk. The subject of the sociological analysis was public attitudes toward the worsening crime rate.

The innovations of the past few years and their negative effects have not only deprived people of social protection, but also put on the agenda the question of their personal physical safety. The survey of Muscovites attests to growing concern among people for their own lives and the lives of their loved ones.

#### Concern for Safety of Self and Loved Ones (in percentages)

	Population	Students	Schoolchildren
Strongly concerned	32	20	38
Concerned	54	35	43
Not concerned	14	15	19

The growing aggressivity of the social environment and inability of state agencies to put a stop to mounting encroachments on citizens' lives, honor, and dignity are forcing people to provide for their own security in this regard. An ever-growing number of people want to have their own means of self-defense.

#### Do You Want to Have a Legally Registered Weapon? (in percentages)

	Yes	No	Hard to say
Moscow	75	14	11
Dnepropetrovsk	62	34	4

It is symptomatic that in Dnepropetrovsk, 83 percent of employees of commercial organizations and 64 percent of teachers want to have weapons.

The choice of weapon for self-defense is determined by not so much national traditions as by a person's level of concern. The range of "demand" is very broad—from a simple electric-shock or tear-gas device to a bazooka, a machine-gun, an Apache, an Mi-32, and even a tank.

What Kind of Weapon Would You Prefer? (Moscow, in percentages)			
	Population	Students	Schoolchildren
Cold steel	18	58	31
Gas pistol	55	73	81
Hunting rifle	7	5	12
Pistol	47	49	63
Rifle	3	5	6
Assault rifle	13	9	30
Other	23	21	19

In Dnepropetrovsk, public "tastes" are somewhat different. Twenty-eight percent of the population would like to buy a gas pistol or a tear-gas device, and 24 percent would like to buy a pistol. At the same time, six percent of those surveyed would like to have two weapons at the ready, and two percent would even create a home arsenal (a pistol, an assault rifle, a double-barreled rifle).

The statistics for possible use of weapons are very telling. Thirty percent of potential weapon owners in Dnepropetrovsk said that they would "fire on an assailant" without hesitation, 38 percent would open fire only in the event the "enemy" might open fire, and only eight percent would be unable to shoot even an "aggressor." Nine percent said they were unable to answer.

Consequently, it can be assumed that eight "firearm" owners out of every 10 are prepared to pull the trigger. Those most prepared to shoot an attacker without hesitation were Russian entrepreneurs, employees of state and trade-union agencies, and political functionaries. An even more militant picture emerges in Moscow.

**What Are You Psychologically Prepared to Do in the Event of an Attempt on Your Own Life or Dignity or on the Lives or Dignity of Members of Your Family?**  
(in percentages)

	Population	Students	Schoolchildren
Would only fire into the air	11	16	11
Would open fire on an attacker only if he fired	44	37	55
Would shoot an assailant without hesitation	31	18	28
Would shoot a person under no circumstances	10	19	2
Other	4	10	4

Judging from the survey findings, introducing the free sale of weapons is hardly going to stop the cheapening of human life. On the contrary, such a measure could reduce the value of life to a kopek.

**Russian Crime Statistics**

934C0095B Moscow NEZAVISIMAYA GAZETA  
in Russian 2 Oct 92 p 2

[Article by Oleg Rubnikovich: "Justice: Russian Judges Continue To Act: 95 People Sentenced to Death in First Six Months of Year"]

[Text] At a press conference at the Russian Federation Ministry of Justice, Justice Minister Nikolay Fyodorov made public statistical data on the state of law and order and the work of Russian courts in the first six months of the year.

Of the total number of investigated and closed cases, 572,134 crimes were solved (47.6 percent). However, only 70 percent of the cases against persons who committed crimes were forwarded to the courts. The remaining 30 percent were released from liability on various grounds.

Ninety-five persons were sentenced to death in the first six months of the year (the figure for the same period of 1991 was 59). Ninety-four of the death sentences were handed down for premeditated murder with aggravating circumstances, and one was handed down for killing a police officer.

Legal norms for combating economic crimes are having virtually no effect. The number of people found guilty of using their positions to steal declined by 17.5 percent in comparison with the same period of last year. The number of convictions for bribery, crimes in the trade sector, and other crimes involving abuse of position remained at the same low level. The number of people prosecuted for this category of crimes was one-sixth of the 1986 figure.

The number of convictions of able-bodied persons who did not work or attend school at the time of their crimes showed a dramatic increase.

There was an increase in the number of civil disputes. In the past six months, oblast courts heard 156 cases involving petitions that strikes be declared illegal, and those petitions were satisfied in 150 instances. One hundred sixty-seven complaints involving disputes over privatization of residential buildings were satisfied. Of 14 suits involving illegal privatization of enterprises, 10 were satisfied.

Russian courts heard 126 cases involving land reform, and refusals to provide land to private farmers were deemed illegal in 79 instances.

Among Russian Federation residents, 102 people filed suit against the state. The state was forced to satisfy 90



suits involving compensation to property owners for damages caused by criminals.

Four hundred one defamation suits against mass media were heard, and 88 of the defendants received satisfaction. The plaintiffs paid a total of almost 2 million rubles in compensation for mental damages.

#### Ukase on Anti-Crime Measures

934D0033A Moscow ROSSIYSKAYA GAZETA  
in Russian 10 Oct 92 pp 1,2

[Russian Presidential Ukase, issued October 8, 1992, "On Measures To Protect Citizens' Rights, Maintain Law and Order, and Step Up the Fight Against Crime"]

[Text] In order to protect the rights of citizens and juridical persons guaranteed by the Russian Federation Constitution, to provide for their safety, to step up efforts to combat armed forms of organized crime as the most dangerous manifestation of crime, and to create conditions to stabilize the sociopolitical situation in society, and guided by the Russian Federation Law "On Security," I resolve:

1. To create a Russian Federation Security Council Interdepartmental Commission for Combating Crime and Corruption (hereafter the Interdepartmental Commission).

To charge the Interdepartmental Commission, as its primary activity, with formulating and coordinating the implementation of federal programs to prevent and put a stop to unlawful activities.

To charge the Interdepartmental Commission with coordinating the efforts of the Russian Federation Ministry of Internal Affairs, the Russian Federation Ministry of Defense, the Russian Federation Ministry of Security, the Russian Federation State Customs Committee, and the Russian Federal Service for Foreign-Currency and Export Controls in the following areas:

- monitoring the implementation of decisions of the Russian Federation President and the Russian Federation Supreme Soviet on combating crime and corruption, protecting citizens' rights, and maintaining law and order;
- formulating and monitoring the implementation of programs to prevent and put a stop to unlawful activities;
- organizing specialized units to combat corruption and organized crime;
- drafting normative and legal acts to regulate efforts to combat crime, protect citizens' rights, and maintain law and order.

2. To entrust the leadership of the Interdepartmental Commission to Russian Federation Vice-President A.V. Rutskoy.

To direct the Russian Federation Vice-President to draft, by October 20, 1992, a Statute on the Russian

Federation Security Council Interdepartmental Commission for Combating Crime and Corruption and to submit proposals regarding its staffing.

3. To direct Russian Federation Security Council member and First Deputy Chairman of the Russian Federation Supreme Soviet S.A. Filatov to ensure, in implementation of this decree, parliamentary oversight of the operations of the Interdepartmental Commission and its cooperation with agencies of the Russian Federation Supreme Soviet and with agencies established by the Russian Federation Supreme Soviet.

4. To charge Russian Federation President State Secretary G.E. Burbulis with coordinating the drafting of proposals for establishing the political and legal basis for the set of measures associated with the operations of the Interdepartmental Commission, with studying and forecasting of trends and processes in society that cause increased crime, with organizing systematic work in this area with the mass media, and with ensuring coordination with public movements and organizations.

5. To charge Russian Federation Security Council Secretary Yu.V. Skokov with formulating current and long-range plans for the operations of the Interdepartmental Commission, with preparing reports, analytical materials, and draft normative and legal documents to be submitted to the Russian Federation President and the Russian Federation Supreme Soviet for consideration, and with ensuring the priority consideration in the Russian Federation Security Council of measures to step up the fight against crime and corruption.

6. To grant the Interdepartmental Commission the right to create working groups charged with drafting programs concerning the aforementioned areas of work and with enlisting representatives of ministries, departments, research organizations, and law enforcement agencies in these efforts, and to obtain the necessary information for their work.

7. To instruct the Russian Federation Vice-President to form a working staff to support the operations of the Interdepartmental Commission.

To instruct the Russian Federation Ministry of Security to provide the working staff of the Interdepartmental Commission with offices, and to instruct the Russian Federation Chief Security Administration to provide it with operational and routine services.

8. To deem it necessary:

- to reinforce the Russian Federation Ministry of Internal Affairs Chief Administration for Organized Crime with specialized rapid-response units, to be equipped with modern means of transportation, protection, and arms from the resources of the Russian Federation Ministry of Defense. To charge them with the task of preventing and putting a stop to the

activities of armed criminal groups, confiscating illegally held weapons, ammunition, explosives, and narcotics, and preventing their spread;

- to establish that the chief of the Russian Federation Ministry of Security Chief Administration for Organized Crime serves concurrently as Russian Federation first deputy minister of internal affairs, and that chiefs of regional units serve concurrently as deputy chiefs of the Russian Federation Ministry of Internal Affairs Chief Administration for Organized Crime; they are to be appointed to office and dismissed from office by order of the Russian Federation minister of internal affairs.

To establish that servicemen, executive officials, and officers of the specialized units of the Russian Federation Ministry of Internal Affairs Chief Administration for Organized Crime are hired for service on a contract basis and are provided with mandatory state insurance and social guarantees and benefits.

9. To direct the Russian Federation Government:

- to resolve the issue of financing, including foreign-currency financing, and of providing material and technical facilities for the operations of the Interdepartmental Commission and the Russian Federation Ministry of Internal Affairs Chief Administration for Organized Crime;

to draw up for the Russian Federation Supreme Soviet proposals regarding the transfer to state agencies engaged in combating crime of a portion of financial resources in the form of valuables and material resources recovered by the state in order to support their professional operations, as well as to provide social support for officers and members of their families;

in conjunction with the Interdepartmental Commission, to hold negotiations and conclude agreements with interested CIS countries and other states on coordinating measures to combat crime, including information exchanges and the carrying out of joint operations to stop unlawful activities by armed organized groups, to confiscate illegally held weapons, ammunition, explosives, and narcotics, and to prevent their spread.

10. To direct the Interdepartmental Commission:

- to draft proposals for legal and organizational measures to hold officials more accountable for implementing decisions of the Russian Federation President and the Russian Federation Supreme Soviet intended to maintain law and order in society, protect citizens' rights, and combat corruption and crime, and to take necessary measures to provide legal protection to officials charged with maintaining law and order and combating crime.
- to draw up proposals for the Russian Federation President that take into account citizens' demands for improved legislation on liability for crimes against the person and for property crimes, to be submitted to the Russian Federation Supreme Soviet.

11. To instruct law-enforcement agencies of the republics within the Russian Federation and the administrations of krais, oblasts, autonomous units, and the cities of Moscow and St. Petersburg to ensure cooperation with the Interdepartmental Commission, to provide the units being created under the Russian Federation Ministry of Internal Affairs Chief Administration for Organized Crime with offices, auxiliary facilities, motor vehicles, communications systems, and other equipment essential to their normal functioning, and to provide the utmost assistance and help to them in resolving social, housing, and consumer-service matters.

12. This decree takes effect as of the moment of signing.

[Signed] B. Yeltsin, president of the Russian Federation  
Moscow, the Kremlin  
8 October 1992  
No. 1189

## ECONOMIC & SOCIAL AFFAIRS

### Ukase on Development of Privatization Check System in Russian Federation

935D00384 Moscow ROSSIYSKAYA GAZETA  
in Russian 20 Oct 92 p 5

["Ukase of the President of the Russian Federation 'On the Development of a System of Privatization Checks in the Russian Federation'"]

[Text] In order to expand the scope of privatization, to increase the volumes of state and municipal property acquired for privatization checks, and to bolster the interest of the broad masses of people in the results of privatization, I decree:

1. To establish that in the sale of shares of privatized enterprises the total number of shares of each enterprise subject to sale for privatization checks is determined according to the following procedure:

- for joint-stock companies created in the process of privatization through the transformation of state enterprises that are the property of the Russian Federation and the krais, oblasts, autonomous oblast, autonomous okrugs, and the cities of Moscow and St. Petersburg, the total number of shares is 80 percent of the overall number of common stocks and type B preferred stocks;
- for joint-stock companies created in the process of privatization through the transformation of state enterprises that are the property of the republics of the Russian Federation, the total number of shares is 35 percent of the overall number of common stocks and type B preferred stocks. By a decision of the Supreme Soviet of the republics within the Russian Federation

the total number of shares subject to sale for privatization checks may be increased to 80 percent of the overall number of common stocks and type B preferred stocks;

—for joint-stock companies created through the transformation of municipal enterprises in the process of privatization, the number of shares is 45 percent of the overall number of common stocks and type B preferred stocks. By a decision of the corresponding soviet of people's deputies the total number of shares subject to sale for privatization checks may be increased to 90 percent of the overall quantity of common stocks and type B preferred stocks.

2. After the completion of the sale of the established number of shares for privatization checks, the joint-stock company gains the right to purchase the section of land on which it is located at the normative price according to the procedure established by the president's ukase of 14 June 1992, No. 631, "On Approval of the Procedure for the Sale of Sections of Land During Privatization of State and Municipal Enterprises, Expansion and Additional Construction of These Enterprises, and Also Those Granted to Citizens and Their Associations for Entrepreneurial Activity."

3. To established that upon sale of objects of privatization as unified property complexes and also property or assets of enterprises that are being or have been liquidated in competition, auction, or investment trading sessions, settlements with privatization checks are conducted according to the following procedure:

—upon sale of objects of privatization that are the property of the Russian Federation, krais, oblasts, autonomous oblast, autonomous okrugs, and the cities of Moscow and St. Petersburg, the payment with privatization checks is made by the buyers in the amount of 80 percent of the selling price for these objects;

—upon privatization of objects that belong to republics of the Russian Federation, payment with privatization checks is made by the buyers in the amount of 35 percent of the selling price of these objects. By a decision of the Supreme Soviet of the Russian Federation, the proportion of payment with privatization checks may be increased to 80 percent of the selling price of these objects;

—upon privatization of objects that are municipal property, the buyer has the right to use privatization checks to make a part of the payment amounting to up to 45 percent of the selling price of these objects. By a decision of the corresponding soviet of people's deputies the maximum payment with privatization checks may be increased to 90 percent of the selling price of these objects.

4. To grant joint-stock companies created in the process of privatization the rights of an intermediary in the sale of the stocks of these joint-stock companies.

5. Employees of the state apparatus, including employees of property funds and property management committees at all levels, use privatization checks for acquiring objects of privatization only through the acquisition of shares in specialized privatization investment funds which accumulate privatization checks of citizens and for buying property from the state and municipal housing funds.

6. Paragraph 3 of Point 3 of the Procedure for the Sale of Sections of Land During Privatization of State and Municipal Enterprises, Expansion and Additional Construction of These Enterprises, and Also Those Granted to Citizens and Their Associations for Entrepreneurial Activity, which was approved by Ukase of the President of the Russian Federation of 14 June 1992, No. 631, after the word "sale" is to be worded as follows: "the number of shares established by legislation of the Russian Federation as belonging to the state and local soviets of people's deputies, for privatization checks."

7. The present ukase goes into force according to the procedure established by the decree of the Fifth RSFSR Congress of People's Deputies of 1 November 1991, "On Legal Support for the Economic Reform."

[Signed] *President of the Russian Federation B. Yeltsin*  
*Moscow, the Kremlin*  
*14 October 1992*  
*No. 1229.*

#### **Ukase on Sale of Housing, Land, Municipal Property for Privatization Checks**

935D0038B Moscow ROSSIYSKAYA GAZETA  
in Russian 20 Oct 92 p 5

["Ukase of the President of the Russian Federation 'On the Sale for Privatization Checks of Housing, Land, and Municipal Property'"]

[Text] In order to increase the quantity of state and municipal property sold for privatization checks, I decree:

1. To establish that privatization checks may be used as a means of payment:

—upon privatization of state and municipal housing in keeping with the law of the Russian Federation "On Privatization of Housing in the RSFSR";

—upon privatization of municipally owned property;

—upon buyers' acquisition of land according to the procedure established by the Ukase of the President of the Russian Federation of 14 June 1992, No. 631, "On Establishing a Procedure for Sale of Sections of Land Upon Privatization of State and Municipal Enterprises, Expansion and Additional Construction of These Enterprises, and Also Those Granted to Citizens and Their Associations for Entrepreneurial Activity."



2. State and municipal enterprises which have as of 1 January 1992 a balance sheet value of fixed capital of from 1 million rubles (R) (from R500,000 for enterprises for initial processing of agricultural products and production-technical support for agriculture) to R50 million, by a decision of the labor collective, may be privatized before 1 March 1993 through transformation into joint-stock companies of the open type according to the procedure specified by the Statute on Commercialization of State Enterprises With Their Simultaneous Transformation Into Joint-Stock Companies of the Open Type, approved by the Ukase of the President of the Russian Federation of 1 July 1992, No. 721, "On Organizational Measures for Transforming State Enterprises and Voluntary Associations Into Joint-Stock Companies."

3. The government of the Russian Federation is to develop a draft law of the Russian Federation on the system of land privatization checks to be used as a means of payment for settlement upon acquisition of land by individuals and legal entities, to be submitted for the consideration of the Supreme Soviet of the Russian Federation in the first quarter of 1993.

4. To deem invalid the second paragraph of Point 1 of Article 1 of the Statute on Privatization Checks, approved by Ukase of the President of the Russian Federation of 14 August 1992, No. 914, "On the Enactment of a System of Privatization Checks in the Russian Federation."

5. The present ukase goes into force according to the procedure established by Point 3 of the decree of the Fifth RSFSR Congress of People's Deputies of 1 November 1991 "On Legal Support for the Economic Reform."

*[Signed] President of the Russian Federation B. Yeltsin  
Moscow, the Kremlin  
14 October 1992  
No. 1228*

#### **FTUR Declaration on Privatization Checks Statute**

*934A0041B Moscow TORGOVAYA GAZETA  
in Russian No 108, 19 Sep 92 p 1*

*[Text, "Statement by Sector Trade Unions Making up the Federation of Independent Trade Unions of Russia (FITUR) on the Russian Federation Presidential Edict "On Introducing the System of Privatization Checks"]*

*[Text] In connection with the issue of privatization checks, the central committees of sector trade unions making up FITUR, which unites 30 million members, have sent President of the Russian Federation B.N. Yeltsin and Chairman of the Russian Federation Supreme Soviet R.I. Khasbulatov the following:*

#### **Statement of the Sector Trade Unions Making up the FITUR on the Russian Federation Presidential Edict "On the Introduction of the System of Privatization Checks"**

Supporting measures to create a market economy, and sharing the idea on the need for privatization of state and municipal property, we declare our assistance in the process of carrying it out on the principles of social justice and giving due consideration to the opinion of the workers.

At the same time, we believe that the statute on privatization checks, confirmed by Edict No. 914 of the President of the Russian Federation, dated 14 August 1992, contradicts Clause 3 of Article 5 of the law "On Named Accounts and Contributions in the Russian Soviet Federated Socialist Republic," in the section covering their use to acquire objects categorized as municipal property. Use of privatization checks exclusively to redeem federal and state property places workers in municipal enterprises and the budget-funded sphere, and other categories of workers, and also the members of their families, in an unequal position.

In contrast to workers in federal and state-owned enterprises, they are unable to use their own privatization checks to redeem property at the enterprises where they work (that is, exercise to an equal degree their right to acquire property in whose creation they have directly participated). In this way it is made difficult for them to use privatization checks in redemption of the property of enterprises being privatized first, and the entire process of the privatization of municipal property is artificially being slowed down.

The prohibition on the use of privatization checks to redeem municipal property will also raise major problems for the inhabitants of small populated points that are remote from industrial centers, and for workers in enterprises in which privatization is prohibited, many of whom live in factory towns. If these restrictions on the use of privatization checks are not lifted, then these categories of workers will have nothing on which to use them.

In order to avert social tension and accelerate the process of privatization, we ask you to bring the Russian Federation presidential edict No. 914, dated 14 August 1992, "On Introducing the System of Privatization Checks in the Russian Federation" into line with the law "On Named Privatization Accounts and Contributions in the Russian Soviet Federated Socialist Republic," and to extend the right to use privatization checks for privatization of municipal property, giving priority to workers in municipal enterprises and the budget-funded sphere, and also other categories of workers.

*[Signed] Yu.V. Bobkov, chairman of the central committee of the Russian Federation trade union for workers in trade, public catering, the consumer cooperative system, and entrepreneurship; V.I. Mokhnachev,*

chairman of the central committee of the Russian Federation trade union for workers in road transport and highway maintenance; A.I. Surikov, chairman of the central committee of the Russian Federation trade union for workers in automotive and agricultural machine building; A.F. Breusov, chairman of the Russian committee of the trade union for workers in the aviation industry; V.P. Savchenko, chairman of the central committee of the Russian Federation trade union for workers in state institutions and public services; V.N. Ocheurov, chairman of the central committee of the Russian Federation trade union for workers in the timber sectors; B.A. Soshenko, deputy chairman of the central committee of the Russian Federation trade union for workers in construction and industrial construction materials; N.A. Kalinkina, deputy chairman of the central committee of the Russian Federation trade union for workers in the textile and light industries; A.M. Biryukov, deputy chairman of the central committee of the Russian Federation trade union for workers in the agro-industrial complex; V.P. Slopina, chairman of the Russian committee of the trade union for workers in culture; V.K. Durkin, deputy chairman of the council of the Russian trade union for workers in shipbuilding; N.I. Polkovnikova, deputy chairman of the Russian Federation council for the trade union for workers in machine building and instrument making; A.V. Kuznetsov, deputy chairman of the trade union for workers in public health; O.P. Zodin, deputy chairman of the Russian Federation trade union for aviation workers of Russia.

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A similar letter was also sent to President B.N. Yeltsin and Supreme Soviet Chairman R.I. Khasbulatov by the Confederation of Trade Unions for Workers in Trade, Public Catering, and the Consumer Cooperative System. It expresses disagreement with the fact that citizens of Russia have not been guaranteed the right to redeem municipal property. And this means that a very significant category of workers employed in the system of trade and public catering is being deprived of the right to use privatization checks to pay for redemption of the enterprises at which they work and in whose creation they directly participated.

#### **Need for Tax Reform, Investment Incentive Stressed**

934A0041C Moscow ROSSIYSKAYA GAZETA  
in Russian 9 Oct 92 p 3

[Interview with Vladimir Frolov, by Irina Perechneva; Yekaterinburg, date not given: "The Condition of the Body of the Deceased Is Improving Steadily"]

[Text] The article entitled: "What Kind of Tax Reform There Should Be in Russia" (ROSSIYSKAYA GAZETA 21 July 1992) evoked an interested response from readers. The author of the piece, Professor Vladimir Frolov from Yekaterinburg, who heads the Taxes of Russia Association, is convinced that new mechanisms are needed to

manage the economy at the macro level. The editor decided to return to this theme.

[Perechneva] So, as you understand it, what kind of mechanism is needed? For the government is not restricting itself to unsubstantiated statements. It is making decisions, and, moreover, under conditions in which there is very little time for careful analysis of the situation.

[Frolov] One cannot deny that the Gaydar team has a certain courage: The decisions it makes sometimes produce the impression of the "despair of condemned men." But there is a certain nuance here: It is not so much the well-being and prospects of the "courageous" team in power that are under a deadly (no exaggeration) threat, but rather the prospects for the state it is heading. And for this reason let me risk formulating the following assertion: In many cases inaction by the government would be better for Russia than some of its decisive steps.

There are enough examples of this. The USSR State Bank was liquidated without thinking about who would coordinate credit emission in the ruble space of the CIS.

Another example of decisive action is the unrestrained game with the dollar in the currency exchange. Good intentions here became an untalented squandering of the hard currency that had been so dearly earned, destabilization of the ruble, and a priceless gift for currency speculators of all kinds and at all ranks and levels.

But in terms of its immediate and long-term consequences, the most decisive and obvious has been the government's tax extremism—its actions in a sphere in which the principle, "Thou shalt do no harm" should be observed at least as piously as it is in medicine.

[Perechneva] However, authoritative international organizations assess the Gaydar government as a team "of brilliant macro-economists and top-class professionals."

[Frolov] I do not claim any discovery when I assert that the tax system, like all other mechanisms, should today operate to ensure structural advance in the economy. But switching production onto the proper rails is impossible without major investments. And it is exactly on the road of investments that the government has contrived to raise the highest tax barriers. And these barriers are considerably higher than those that stand on the road of wage increases and other incomes of the population. So it is hardly surprising, is it, that hyperinflation is developing, while Russia's investment complex is gasping its last breath?

Another example is the unique experiment with value-added tax. This tax, oriented on holding the overproduction crisis in check and accelerating the demise of weak producers, gathers full power under conditions of hypertrophied monopolism, scarcity of commodities, and sharp decline in the volume of output produced. It would be difficult to think up a quicker way to undermine the

effective demand of enterprises and the public, to make investment progressively more costly, virtually to paralyze the construction industry, and in the final analysis, to cause another spiral of inflation.

So inflation is sanctioned. The well-being of the population has been offered as a sacrifice, but, strange as it may seem, the budget is sustaining losses just as severe, while the government has been so fired up to reduce the budget deficit.

[Perechneva] Here it is apropos to return to the question of "specific mechanisms" to manage the economy at the macro level.

[Frolov] It may appear strange, but great similarity can be found between our situation and the postwar crisis in Germany or Japan, or the Great Depression of 1929-1931. In that situation, it seemed that nothing could have presaged the crash: Conveyor-belt technology was being introduced everywhere, the economy had been switched to the rails of mass production, labor productivity was rising sharply, production costs were falling. And suddenly, the Great Depression: The economy was bogged down by overproduction, and the entire system of economic regulators that had been put in place was suddenly powerless and ineffective. It was precisely this circumstance that demanded new ideas in the sphere of macroeconomic management. One of those ideas was controlling the prime rate for credit, which made it possible to restrain business activity during a period of peak economic upsurge and to stimulate it during a period of recession.

I venture to offer the following proposal: Any great economic depression is gravid with a new economic theory. Now, the nature of the crisis in Russia is fundamentally different, but what makes it a great depression is the same thing: There are no mechanisms adequate to the fundamentally new economic situation. Under these conditions, blind application of borrowed recipes is capable only of making the situation worse. Which is what we have been observing recently. In fact, whereas the mechanisms borrowed from the Western-type economy are aimed at providing protection against overproduction, here they do only what they can do, namely, reduce the volume of production. And this when we already have shortages!

[Perechneva] But the government is constantly stating that the decline in the volumes of production is not such a terrible thing because, as is known, our economy has been producing a mass of unwanted things.

[Frolov] Let us see where we have been most palpably jibbed. In construction it is with respect to the housing deficit. In production it is foodstuffs, in light industry the production of consumer goods; a common flat iron has now become a luxury item! Are these "unwanted things"?

The roots of inflation are to be found not in ill-intentioned price inflation and entrepreneurs making

huge profits, just as they are not to be found in the random increases in wages (these factors are merely the symptoms of a sick economy), but first and foremost in the distorted structure of economic proportions. It is primarily this circumstance that prevents an enterprise from moving out to "swim freely," regulated only by the laws of the market.

The threat of mass bankruptcies and unemployment, leading to a sharp decline in production and general economic and social collapse, gives rise to the need for quite a prolonged process of restructuring of production with state support. The financial expression of that support is credits, various kinds of privileges, writing off debts, and so forth. It is precisely this support, combined with a number of other sources (monopolism, the imperfect system of bank control of payments, declining production, resulting from the disruption of economic links, and so forth) that also creates the base for inflation. The basic inflationary impetus comes exactly from this, and in general not from the higher earnings of enterprises and the population.

If we agree with this assertion, then we must recognize that a total elimination of the budget deficit under the present conditions is a deliberately unattainable and false goal. And attempts to reach that goal at any cost, first and foremost by means of stifling the producer with taxes, are tantamount to attempts to treat a burn by pouring boiling water on it.

[Perechneva] Let us assume that we have opened our eyes and have seen "whence the legs of inflation are growing." What next?

[Frolov] Next we must precisely formulate the main priority in economic policy at the particular stage of the transitional period. I suggest that at this moment the task for this policy is to ensure an unprecedented structural shift and "give the green light" to production investments and sharply build up the output of products that Russia needs (rather than a general sweeping reduction in the volumes of "unwanted" output). The problem of financial stabilization here is not removed from the agenda, but priority should be given to generating an upsurge in the production sphere. And all economic mechanisms should be set for this task, and all the sacrifices by the population, which are now being made to no purpose, should be subordinate to resolving this. The priority thus set would also be the cornerstone of our concept for a new tax policy for Russia.

[Perechneva] ROSSIYSKAYA GAZETA has already talked about your plan.

[Frolov] I repeat: We have abandoned the traditional principle of tax policy—"The more you have produced, the more taxes you pay"—and this is ineluctably giving rise to stereotypes of tax thinking that are disastrous for our economy. The basis of the plan being considered is another idea: "Whoever has more and uses more will pay more taxes." In other words, it is a question of a quite



cardinal review of the system of values and behavioral motives formed by tax policy.

From the standpoint of taxes, this idea is expressed as follows. The overwhelming part of budget revenues (more than 70 percent) comes from payments that depend on the volume of resources used or in the possession of the payer, and also the level of personal (nonproduction) consumption (taxes on use and property, payment for minerals and land use, excise duties). For comparison, let us point out that in the existing system, something on the order of 85 percent of what is collected comes from taxes that depend proportionally on the level of activity by a producer (profit tax and value-added tax).

When considering the proposed system from a somewhat different standpoint, it can be noted that it offers legislative and executive organs of power a new and effective tool for regulating the proportions and dynamics in the development of economic processes at the macro level.

Here we make use of the analogy with the well-known mechanism used to regulate macroeconomic processes that is based on controlling the level of the prime rate for credit. It is common knowledge that by influencing just this parameter, the state either stimulates or blocks the flow of investments into the production sphere, thus encouraging or restraining growth in business activity.

The central element of the mechanism we are proposing—a tax on the consumption fund—can work in unison with this classic regulator by augmenting it and fine tuning its effect and making it more comprehensive. Thus, for example, the logic of raising the tax rate for consumption is correlated with a situation that requires fundamental stimulation of production activity and the elimination of shortages of goods and services (the attractiveness of self-investment in production grows in this case). On the other hand, in order to remove excess commodities from the market, we can lower the tax rate and thus increase the effective demand of the population.

In addition to this, the tax rates for the use of material resources (land, minerals, property) can stimulate the process of structural transformation and redistribution of the production potential or align the economy on more conservative development. We have brought the work on the planned economic mechanism to the level of legislative enactments that have a direct effect, and a number of large-scale computer experiments have been conducted that have made it possible to make not only a qualitative, but also a quantitative analysis of the results of various scenarios and variations in the development of the economy. That is, we are offering an opportunity to discuss our plan not only at the level of the clash of weltanschauung positions but also at the level of book-keeping matters.

[Perechneva] Do the government structures support you in this activity?

[Frolov] I would consider this question to be very naive were it not for the fact that I was so naive when I started this work late last year. At that time we were guided in part precisely by the assumption that any attempt at a "cerebral attack" against the problems facing Russia would be perceived by the powers that be, if not with gratitude, then at least with understanding. But the support from the soviet and administration in Sverdlovsk Oblast has been the only buttress that has enabled us properly (in our view) to "round off" the activity we have started at this time. But at this time there is no social order for research of this kind, so we are drawing a solid line under the work that has been done and putting it aside for better times.

[Perechneva] You offer a quite negative assessment of the course of the reforms, while Gaydar has not lost his optimism. How objective are you?

[Frolov] It is common knowledge that after the death of Lenin a service was created to preserve his body. In one of the regular reports the working people were informed as follows: "The condition of the body of the Leader is being constantly improved." So that perhaps what we are seeing is not professional optimism.

#### Ukase on Organization of Securities Market

935D0031A Moscow ROSSIYSKAYA GAZETA  
in Russian 16 Oct 92 p 3

["Ukase of the President of the Russian Federation 'On Measures on the Organization of a Securities Market in the Process of Privatization of State and Municipal Enterprises'"]

[Text] For purposes of creating necessary conditions for the circulation of privatization checks and providing social guarantees for protection of the assets of the population invested in securities in the process of privatization of state and municipal enterprises, I decree:

##### 1. To approve:

- a statute on investment funds defining the general procedure for the constitution and activities of all types of investment funds in the Russian Federation, with the exception of specialized privatization investment funds accumulating privatization checks of citizens (annex No. 1);
- a statute on specialized privatization investment funds defining the procedure for the constitution and activities of investment funds accumulating privatization checks of citizens (annex No. 2);
- a sample charter of an investment fund (annex No. 3);
- basic provisions of a depositary contract (annex No. 4);
- a sample contract with the administrator on the administration of an investment fund (annex No. 5);

—a typical prospectus for the issuance of an investment fund (annex No. 6).

2. For the organs of state and local administration to render all possible assistance in the creation and activities of specialized privatization investment funds accumulating privatization checks of citizens, via the targeted allocation to them of necessary buildings, encouragement of the development of a network of auditing firms and depositaries, provision of information, and training of specialists for investment funds.

3. For the Russian Federation State Committee for administration of State Property jointly with the Russian Federation Ministry of Finance to draft and approve prior to 15 October 1992 a statute on the procedure for appraising the net assets of investment funds, including a procedure for determining the makeup of expenditures, assessing financial results of investment funds, and appraising privatization checks.

4. To establish that licensing of the activities of investment funds and their administrators as well as registration of the stock on the basis of the issuance prospectus presented by the investment fund is carried out:

—by the Russian Federation State Committee for Administration of State Property—of specialized privatization investment funds accumulating privatization checks of citizens;

—by the Russian Federation Ministry of Finances—of all other investment funds.

It is forbidden for investment funds not having a license of the Russian Federation State Committee for Administration of State Property to perform any operations with privatization checks.

Maintenance of a single register of investment funds is performed by the Russian Federation Ministry of Finance.

5. To establish that:

—specialized privatization investment funds accumulating privatization checks of citizens do not have the right to exchange stock issued by them for stock in joint-stock companies created in the process of privatization and held by property funds;

—investment funds do not have the right to exchange stock issued by them for stock in joint-stock companies created in the process of privatization and held by corresponding property funds in a sum exceeding five percent of the charter capital of the investment fund;

—the number of shares of stock of an investment fund held by corresponding property funds may not exceed five percent of the total number of shares of that investment fund.

6. Activities of investment funds are regulated by the Russian Federation Ministry of Finances, while activities of specialized privatization investment funds accumulating privatization checks of citizens are regulated by the Russian Federation State Committee for Administration of State Property in accordance with this Ukase and within the bounds of their jurisdiction.

7. For the government of the Russian Federation within a period of two weeks:

—to approve a program of support for the creation and development of specialized privatization investment funds accumulating privatization checks of citizens that stipulates measures for the financing of training of personnel and provision of equipment as well as other measures necessary for the activities of these investment funds;

—to examine the question of the exemption from customs duties of equipment and technical assets imported for the activities of investment funds;

—to prepare for submission to the Russian Federation Supreme Soviet a proposal on granting tax privileges to investment funds of all types.

8. To found under the president of the Russian Federation a Commission on Securities and Stock Markets made up of representatives of the Russian Federation State Committee for Administration of State Property, the Russian Federation Ministry of Finance, the Russian Federation State Committee for Antimonopoly Policy, the Russian Federation Central Bank, the Russian Fund of Federal Property, and the stock exchanges.

For the Russian Federation State Committee for Administration of State Property in coordination with the Russian Federation Ministry of Finances to present for approval, prior to 1 December 1992, the makeup of the staff of the Commission on Securities and Stock Markets.

9. For the Russian Federation State Committee for Administration of State Property to draft and approve prior to 1 November 1992:

—a procedure for halting activities and revoking licenses for the right to perform activities as a specialized privatization investment fund accumulating privatization checks of citizens;

—a statute on a procedure for registration of offerings of stock of specialized privatization investment funds accumulating privatization checks of citizens;

—a statute on licensing of the activities of administrators of specialized privatization investment funds accumulating privatization checks of citizens;

—a statute on a procedure for exchanging stock held by property funds for stock of investment funds.

10. For the Russian Federation State Committee for Administration of State Property jointly with the Russian Federation Ministry of Finance to draft prior to 1 November 1992 a statute on the Commission on Securities and Stock Markets.

11. For the Russian Federation Ministry of Finance:

—to draft and approve a statute on licensing the activities of investment funds and a statute on licensing the activities of the administrators of investment funds;

—jointly with the Russian Federation State Committee for Administration of State Property to present for approval prior to 1 November 1992 a statute on the rules for performing accounting in investment funds.

12. For the Russian Federation State Committee for Administration of State Property jointly with the Federal Agency of Governmental Communications and Information under the president of the Russian Federation, the Russian Federation Ministry of Communications, and the Russian Federation Ministry of Finance with the participation of the Russian Federation Central Bank and the Russian Fund of Federal Property to draft, prior to 1 December 1992, principles for the creation and functioning of a Russian telecommunications fund system ensuring on the territory of the Russian Federation a single information space necessary for the activities of the investment funds.

For the government of the Russian Federation to draft, prior to 1 January 1993, a program for the creation of a Russian telecommunications fund system.

13. For the government of the Russian Federation, prior to 1 January 1992, to bring acts of the government of Russian Federation into correspondence with this Ukase and to ensure the review and cancellation of acts of ministries, state committees, and agencies of the Russian Federation that contradict this Ukase.

14. For corporate persons performing the investment activities defined by point 2 of the Statute on investment funds and point 2 of the Statute on specialized privatization investment funds accumulating privatization checks of citizens to bring their constituent documents into correspondence with this Ukase prior to 1 January 1993.

15. To entrust control over the activities of specialized privatization investment funds accumulating privatization checks of citizens to the Russian Federation State Committee for Administration of State Property, and control over the activities of other investment funds to the Russian Federation Ministry of Finance.

16. This Ukase goes into effect as of the moment of its signing.

[Signed] B. Yeltsin, president of the Russian Federation  
Moscow, the Kremlin  
7 October 1992  
No. 1186

### GCTU's Yurgens Stresses Need for 'Strong, Independent' Unions

934A0036A Moscow TRUD in Russian 9 Oct 92 p 3

[Article by Igor Yurgens, GCTU first deputy chairman, under the "Pulse of the Planet" rubric: "What Is the Sense in Talking to the Mirror? Society Needs Strong, Independent Trade Unions"]

[Text] The current stage in the implementation of economic reforms is confronting trade unions with some new questions. I would like to express my opinion on some of them briefly.

First of all—about the main directions in which, it seems to me, these reforms will be conducted. It cannot help but be disturbing that the developers of the reforms, and those who are responsible for their implementation in the different CIS countries, refer more and more frequently to the recommendations of the International Monetary Fund not only and not so much as a reference point, but as a direct guide to practical activity.

In contrast to many colleagues abroad, by no means do I see in the entity of the IMF some kind of an "adversary" that, to benefit its own theories, allegedly would be ready to sacrifice the standard of living in those countries that adopted its scheme for resolving economic problems. I recall that, together with others, I applauded Michel Camdessus, the director of the IMF, at last year's session of the general conference of the International Labor Organization, when he laid out the fund's social doctrine. At that time, all of us, trade unionists, found a lot in it that was attractive.

However, in approaching the compilation of a program for the CIS, I think that the IMF was obligated to develop something principally new, and that took into account the specifics of the huge populated expanse of land of the Commonwealth, its historical roots, and mentality, and not simply to redo that which was done, let us say, for Bolivia, where, incidentally, the IMF recommendations did not have any special success. Even if we are seen as "Upper Volta with nuclear missiles," as the USSR was called at one time by a respected British daily, even then it is impossible to advise us to conduct the kind of reforms that are able to drive the population to extremes. But the "therapists" from the IMF are prescribing precisely this.

It has become fashionable in a number of CIS countries to reproach trade unions for "populism," and to put forth unrealistic and increased demands that allegedly are capable of burying reforms. Well, if the leaders of some trade union association are demanding 70,000-ruble wages for their members, given an average income level of workers of 5,000 rubles [R], then this kind of a reproach, possibly, is justified. But, basically, the trade unions are only demanding that reforms not be conducted at the expense of excessive hardships on workers, that measures are employed for the social protection of the least provided for sectors of the population, and that



reform plans invariably take the social aspect and the social dimension into account.

Having come out of the former position of a "drive belt," the trade unions today are becoming real defenders of the workers. They cannot be penned up in the old stall. On the contrary, the authorities should help them in acquiring a new face. At the same time the trade unions want to play the role of a stabilizing factor in public life, to be a full-fledged participant in the social partnership, without which a normally functioning modern economy, and even the political mechanism, are inconceivable—all of world practice indicates this.

Meanwhile, the desire is encountered frequently, including among workers of the Ministry of Labor of Russia and the Trilateral Commission, to take on as privileged partners the kind of trade union representatives who would be "cozier" and complaisant. We will say outright: Given any support "from above," and given any assistance from foreign sources, such trade unions really will be unable to gain the trust of the workers, for the primary role of the new "drive belts" is prepared for them. A dialogue with unions of this kind will be like a conversation with a mirror. Is this necessary today for the governmental side?

Incidentally, concerning foreign assistance, a recent example from Poland's Solidarity is typical. The millions in trade union funds from the United States, Germany, and Scandinavia that were invested in it did not lead to the attainment of the established objective: So Solidarity did not become the most massive and competent trade union center of its country. Should not our colleagues from the "distant shores" come to a logical conclusion about the advisability of assisting those who now really represent a majority of the workers of the CIS countries? Regardless of whether the GCTU [General Confederation of Trade Unions] and its member organizations are liked by someone in the West or not. Regardless of whether they consider us "official" there or something different, and "not the same trade unions."

I would like to say precisely and clearly. The GCTU is interested in receiving foreign help in training trade union personnel, and in the organizational and technical equipping of those that are in its organizations, and it is we and only we who are capable of distributing such assistance fairly among trade unions of the entire Commonwealth.

On this question, as on others, we do not claim a monopoly. Trade union pluralism has become a fact in many CIS countries, and to close one's eyes to it would be absurd. The GCTU is ready to cooperate with other trade union centers; it is open for dialogue with everyone, and it does not impose its positions on anyone. It is futile to expect that a weakening of the GCTU and its member organizations will automatically lead to an increase in the numerical composition and role of "parallel" trade unions. According to the results of a recent poll that was conducted at the initiative of the Moscow

federation of trade unions, the percentage of those is very small who, leaving the ranks of GCTU member organizations, are thinking of joining some other kind of trade union. The experience of former socialist countries of Eastern Europe (except, perhaps, Romania) also speaks to the fact that trade union centers that are reorganizing from previously existing structures have remained the largest and most influential among the workers, but the autonomous new formations have not grown into large organizations.

I will cite foreign experience on yet another question. There is a significant number of enterprises in the United States and in a number of other countries whose shares of stock have been distributed among their workers. The question has arisen in some of them as to whether trade unions are needed in such enterprises: After all, the labor collective in them becomes, in essence, a collective of owners. Practice has shown that they are necessary. The workers of such enterprises feel that they are owners, as a rule, only once a year, during the stockholders meeting, and then only in the event that they possess "voting" shares. For the rest of the period, they remain workers and, like everyone else, they need representation before the administration and for the protection of their own daily labor interests.

Now, at the beginning of a massive incorporation of enterprises into joint-stock companies in CIS countries, it is probably necessary to know such experience, inasmuch as the temptation to do without trade unions is appearing here and there. Even more typical are attempts to create an "environment that is free of trade unions," as they like to say at some private enterprises in America, where frequently "wholehearted work" is required of the workers, without considering either work safety standards or limits on work time. There is also an urge to institutionalize trade unions that are "proprietary," "company" (again using Western terms); that is, obedient trade unions.

All of these efforts seem to me to be without promise. Farsighted entrepreneurs and directors of enterprises in developed countries with market economies have long since come to the conclusion that, to ensure high labor productivity, it is far more advantageous to adhere to standards for labor safety, and that the presence at an enterprise of a strong, independent, and trustworthy trade union organization can better ensure social peace and an optimal creative situation. A modern, in the full sense of the word, director in the West is usually interested in a trustworthy partner in the form of a strong trade union, and not in a "halfback," dancing a tango with him, with arms around each other in an embrace. In my opinion, this understanding is also making more and more headway for itself in the director corps in the CIS countries.

In their turn, our trade unions, for the sake of the welfare of their members, are interested in quickly overcoming difficulties that arise both objectively, as a result of the need for a swift transition to market relations, and those

that arise as a consequence of the disruption of the former economic ties, without their adequate replacement by new ones. In expressing this concern, the GCTU invariably comes out for the preservation of the general economic space within the scope of the CIS, supplemented by a single social space.

Not long ago, we expressed ourselves in favor of giving the Commonwealth the character of a union with closer ties and mutual obligations of all of its members, without, of course, in any way returning to the former norms of a unitary state. One would hope, particularly in the current situation, that this kind of idea would be carefully examined, in particular, at the forthcoming meeting of the heads of the CIS states.

### President of 'Housing Initiative' Discusses Corporation Plans

934A0070A Moscow DELOVOY MIR in Russian  
12 Sep 92 p 5

[Interview with V. Kudryavtsev, Housing Initiative president, by L. Chepaykina; place and date not given: "It Would Be Good to Build a House!"]

[Text] Who doesn't remember a few years ago the general secretary of our great party promising each Soviet family its own separate apartment? But where are those days, or, for that matter, those nights? The situation in real estate on the unbounded expanses of Russia is the same as in all other spheres: there are no legal foundations for normal commerce, the quality of legislative acts passed is low, and firms are operating at their own risk, by trial and error. Corruption, graft, and tyranny reign on the expanses of the former Russian Empire: as a result the people are dissatisfied, and the very idea of a real estate market has been discredited. There is no regular system for exchanging information and no uniform procedure for closing deals.

In December of last year, as a result of the transformation of the Housing Initiative Economic Association, a joint-stock company was formed, the Housing Initiative Corporation. Our correspondent talked with its president, doctor of economics Vladimir Kudryavtsev.

[DELOVOY MIR] For what purpose was your corporation created? What are its goals and tasks?

[Kudryavtsev] Housing Initiative was created to accelerate the resolution of the housing problem in the country, and its activities are aimed at elaborating and inculcating new forms of investment in housing construction based primarily on nonstate sources of financing and joint-stock forms of management and on expanded and modernized construction capacities, at producing and creating a market for building materials and construction and repair services, as well as a housing market, and also at creating a system of horizontal

connections and mutual support among joint-stock corporations and their business partners in research, methodological, information, marketing, investment, organizational-production, and commercial activities. We are also trying to develop foreign economic ties. Among our founders are the Russian Federation Savings Bank (Sberbank), Russian State Insurance (Rosgosstrakh), and other banks, construction enterprises, and associations.

Our center for foreign economic ties has close contacts with several international and national organizations involved in housing construction and real estate operations. Like the International Union of Organizations, which finances housing construction. By the way, the corporation (the first among the organizations of the CIS) joined it last year. We have contacts with the federal agency of the United States for international development, the U.S. National Association of Realtors, and others.

Right now we are working actively on mechanisms not only to mobilize domestic investments but also to attract foreign investments into housing construction on the territory of Russia and into the creation, expansion, and modernization of the capacities of the building materials industry and contracting construction organizations. We are collaborating with banks in the United States and Germany on a program of support and appropriations and on introducing nonbudgetary forms and mortgage investment systems for the housing sphere.

[DELOVOY MIR] Couldn't you go into more detail on the basic points of this program?

[Kudryavtsev] We prepared it jointly with Sberbank and Rosgosstrakh. It represents a system of mechanisms and forms of organization for investment processes based primarily on nonbudgetary sources and mortgage relations. I think that our program is just as important for citizens wishing to improve their housing conditions as it is for government efforts to implement a policy of socioeconomic reforms and support for commercial initiatives in the housing sphere.

The right to decent housing once declared for each citizen of our country is a very important socioeconomic and political problem. On it depends the true well-being of our people, how they feel in a moral and physical sense, and their political judgments and motivations.

Right up until the eleventh five-year plan they mostly attempted to solve this problem through the powers of the state and to a lesser degree the enterprise and organization, and to an even lesser degree the population, since the overwhelming majority simply did not have the necessary savings for this. During this period a similar policy was introduced in a limited way into the framework of the system of administrative socialism, and economically there was reinforcement in the form of favorable foreign economic market conditions in the raw materials resources market. Nonetheless, success was not achieved. In its level of housing provision (about 15.5 square meters per capita), Russia lags significantly

behind most civilized countries: by a factor of 1.7-2 behind most Eastern European countries and by a factor of 2-3 behind most developed capitalist states. In addition, about 10 million Russian citizens have no housing whatsoever, and about 40 million are living in communal apartments or in housing with high density of settlement indexes that do not meet minimum standards of hygiene.

Hence the enormous demand for housing investment at the present time. In market prices, expenditures for building materials and contract work as of 1 February of this year can be estimated at 6-8 trillion rubles [R], and including sites in the social and engineering infrastructure, R10-14 trillion. Just compare these figures with the size of the domestic state debt, which exceeded R1.2 trillion, or Russia's foreign debt, which totals \$40 billion, and you will see: attempts at further resolution of the housing problem in the country that depend on the state budget and administrative-distribution principles for improving housing conditions for citizens are doomed to failure.

In and of itself, however, the conclusion that there needs to be a more active increase in citizens' funds for construction does not provide any answer to the question of what form this needs to be done in. Until now there has been only one legally and economically rather well regulated system of nonbudgetary organization for investment processes in this sphere—the ZhSK [residential housing construction cooperative] system.

Today, too, many citizens, deputies of various levels, and even specialists are fighting over it, although it is at a complete impasse. And it is not a matter of administrative opposition on the part of the bureaucracy or of difficulties with providing land for construction sites. The principal problem is that the entire system of organizational-economic relations implicit in the ZhSK system has come into complete contradiction with the realities of the overall credit and finance situation in Russia. The high level of inflation and interest rates (up to 100 percent and more) for bank credit, the sharp cutback and almost total cessation of long-term financing in connection with the reluctance of contractors to deal with cooperatives due to the instability of prices for building materials and jobs leave the ZhSK no real opportunities for development in the foreseeable future if serious reforms are not made in this system of investment.

The system of privatization that has now begun in Russia has proven poorly thought out. After privatization, where is a person to go who has received as property a house or apartment that does not satisfy him? With whom is he supposed to conclude concrete contractual relations on issues relating to the further improvement of his housing conditions? Great hopes have been placed on the auctions, but they have shown that for 95 percent of our citizens they are unrealistic, and the auctions themselves are not going to solve the housing

shortage unless they can rely on complete systems of commercial investment in housing out of nonbudgetary funds.

You would think it would be possible to try to apply in Russia the experience of other countries that are dealing successfully with this problem—Japan, the United States, or Germany, for example. But this is unacceptable due to the extremely unfavorable conditions that have taken shape here for extending credit and accumulating housing savings.

[DELOVOY MIR] So what do you propose specifically in your program?

[Kudryavtsev] We have worked out several systems. For example, "Forvardkreditinvest" bears the greatest similarity to the system of extending credit for investment projects in the economy that has been in effect up to the present time. It is like the method of operations that uses the organization's own resources (khozposob). Unlike it, however, which treats housing as an object of consumption and covers loans out of other sources, "Forvardkreditinvest" is a purely market system relying on the interests of commercial structures and channeling the free money of juridical persons into the investment process in order to profit from the sale of housing. Its basic difference from traditional schemes is conditioned above all by the inclusion of mortgages and loans that use as collateral the site (or part of the site) of new construction and by the logical next step, breaking down the loan being offered according to the pace of construction.

The basic purpose of the "Retrokreditinvest" system is to create most-favored conditions for certain families to improve their housing conditions. The family solves this task by drawing up a mortgage deed on a previously occupied apartment or house and receiving for this mortgage credit to finance new housing from a special service company licensed for this kind of activity. The mortgage deed is drawn up for a sum comparable to the construction cost of the previous apartment or house with an appraisal that uses new costs of construction, as well as with consideration for the predicted market value of the housing. In certain instances we can get along entirely without a down payment (when the market appraisal of the old housing is going to exceed the cost of the new).

The "Kombinvest" system envisions as its basic sources of financing, after loans and personal savings, the privatization checks, subsidies from municipalities and local administrations for families with very little living area for each member or low-quality housing, and material assistance from enterprises and organizations interested in improving housing conditions for their workers.

"Zayeminvest" proposes attracting free capital in exchange for mortgage deeds. The general investor, who is someone building his own house or having it built for him, issues special housing loan bonds ensured by mortgages on real estate from his own portfolio and not



already transferred to banks for loans in other systems of financing. In this way, for the first time in Russia, with the institution of the "Zayeminvest" system, a secondary market will open up for mortgage papers that is not dependent on banking monopolies, as will an opportunity to secure cheaper investment resources.

"Fyuchersinvest" is intended to make it easier to improve housing conditions for those citizens who for some reason do not want to tie themselves up with a mortgage and prefer to finance the improvement in their housing conditions out of proceeds from the sale of futures in this housing, having formulated through an intermediate office or auction a contract for purchase-sale with the postponement of settling the old apartment or house for the period of construction of the new housing.

The "Serviskredit" commercial system will create an opportunity for families that have excess housing space to improve their housing situation and benefit needier people. The system is especially attractive for those citizens who due to a low level of material provision or ideas of changing jobs, for ethnic reasons or reasons of health, want to change their place of residence and exchange more expensive for less expensive housing and do this, moreover, not simply through exchange but officially through acts of purchase-sale of real estate, receiving in the process a significant sum of money to support their standard of living.

The "Rentnyy Zalog" system is intended to support the standard of living of pensioners and can be implemented in two forms: with the drawing up of a rent mortgage for lifetime residence for single pensioners in the housing they occupy or of a contract that provides for the resettlement of elderly citizens to special sanatoriums or homes for the elderly with special care.

As you see, much work has been done. Now it is a matter of making it part of everyday reality. It has been approved by the Committee on Construction, Architecture, and Housing and Public Utilities of the Russian Supreme Council, and it has undergone expert evaluation in several interested governmental institutions, but it cannot be fully implemented due to the indefinite functioning of the special services of state mortgage registration. A law has been passed, but the agreements registration passed is so watered down that in practice it cannot be used yet. How can a bank issue a loan with an apartment or house for collateral if no organization exists that is prepared to attest as to whether the real estate was ever mortgaged before? This will mean introducing, on a territorial basis, a service for registering property titles where they would oversee all operations involving housing—mortgages, purchases, and sales. This issue is no less important for agricultural and industrial enterprises.

We still have one more enormous job—to determine land prices on the basis of the municipal property inventory. Then we will not have a situation when an old

lady with a plot of 25 hundredths and a house is not allowed to exchange it for an apartment. The economic situation will force her into this.

[DELOVOY MIR] What are the most acute problems you face today?

[Kudryavtsev] Most of all, personnel. We are trying to solve it by publishing methodological literature and conducting seminars. Today more than 2000 people have gone through our system of training.

We want all these people to realize that the process is already under way. Municipalities are going to have less and less money. All their earnings are going to come down to taxes. There's no way back, and the sooner everyone understands this, the better.

[DELOVOY MIR] You were one of the specific firms that won the Moskomimushchestvo [Moscow Committee on Property] competition for the right to hold real estate auctions. How are things going on that front?

[Kudryavtsev] We received a list of sites. We already sold some of them at auction on 27 August. We are holding the next auction on 17 September. At it we will be offering a large number of residential and nonresidential sites. We invite anyone interested to call us at 200-41-45 and 200-08-90. We wish all our present and future partners great success!

#### Levels of Social Provision, Consumption Examined

934A0075A Moscow ROSSIYSKAYA GAZETA  
in Russian 15 Oct 92 p 3

[Article by A. Vetrov and M. Kadykov, under the rubric "Social Sphere"; place and date not given: "Thrown Back 40 Years"]

[Text] The general decline in the economy in the years 1990-91 has brought with it a drop in standard of living for nearly the entire population. As of December 1991, average consumption indexes in Russia's families were at the 1978 level.

The condition of the social sphere is a reflection of the condition of the economy. This is a general rule. People's lives will get better only when an economic upsurge begins. Unfortunately, 1992 has brought no changes in the trend toward a universal worsening. Tension in society has increased significantly.

#### Vanished Policy

Today the government's social policy consists of uncoordinated attempts to neutralize centers of tension. The impoverishment of the population is proceeding apace. Analogies to this kind of decline are hard to find in either the history of the collapsed Union or the entire recent history of the industrially developed countries.

World practice of economic reforms attests that hasty radical reforms have an extremely negative effect on the level and dynamics of the social sphere. The more consistent the course of reforms, though, the shorter the period of decline in the social sphere. In its turn, our native practice in the latter half of the 1980s demonstrated that the "critical mass" of social guarantees that were put into the new economic model and the "sorting out" of demands for social justice do not allow organs of state administration to carry out these reforms consistently. They are "tied" by the necessity of resolving social programs, and this pushes back the actual commencement of the reforms themselves.

Russian Congresses of People's Deputies have passed numerous programs, declarations, and complex measures. But deputy expert evaluation has shown that the government has not carried out a single one of these resolutions, including those affecting the socioeconomic situation. With the transition to radical economic reform, social policy vanished from the government's field of vision for good. The old slogans were replaced by a virtually total ignoring of the development of the social sphere.

#### Only the Poor and Slightly Rich

In January, our consumption had already dropped to the level of the 1950s. In the months that followed, the situation only got worse.

According to data from the Institute for Socioeconomic Problems of the Population, society today has split into three social groups: 80 percent comprise people with a low standard of living; 10 percent with an average or high standard; and another 10 percent are "superfluous" or marginal.

There is no social differentiation going on, as happens in crisis periods in other countries. Instead, there is a process under way of polarization of social groups, given the absence of a middle stratum, which is the most numerous and crucial stratum in developed countries.

The government's decision to raise minimum pensions and salaries to 1350 rubles [R] did not let people go beyond the poverty line: according to data from the State Committee for Statistics (Goskomstat), the cost of the basic market basket on average in Russia in July came to more than R1400. If we include nonfood items, the situation is even graver. According to estimates from the Russian Ministry of Labor, the total subsistence minimum in June equaled R2916, more than twice the minimum pension and salary.

Since the beginning of 1992, the growth in monetary income has not kept up with the growth in prices for consumer goods and services. The scissors between price increase and income increase has led to a decline of 30 percent in the consumption of basic foods in half a year.

One of the most painful problems of the first half of the year was indebtedness to the population for salaries,

pensions, and subsidies. First, the payment of pensions, social subsidies, and salaries for workers in the nonproductive sphere were frozen. The largest part of the burden is being borne by the part of Russia's population least defended in the social respect. Out of a total bank indebtedness of R202.9 billion, indebtedness for social payments and salaries in the nonproductive sphere totals R156.5 billion.

The government's extreme cutback in expenditures on the nonproductive sphere (and the government plans to continue along these lines) has begun to evoke social protest on the part of the majority of workers employed in it. Out of the 5,300 enterprises and organizations that have experienced strikes in the first half of the year, 5,200 were institutions of the nonproductive sphere.

The greatest activity in the strike movement has been noted in health care and educational institutions.

Since the beginning of the implementation of economic reform, the government has taken a course toward gradual pushing social provision and insurance out of the state system. However, this does not take account for a great many sociopsychological factors. Most of the population is not prepared—materially or morally—to switch to paid housing and health care, or to the entire paid social sphere for that matter. The transformation of many heretofore free services subsidized out of the state budget into paid services is leading to the destruction of the foundations of the social sphere.

#### Practice Contrary to Logic

The program to deepen the economic reforms distinguishes three stages in the transformation of the economy. The final stage, signifying revival in the growth of production, doesn't come until 1996. Adequate and gradual transformations in the social sphere seemingly ought to correspond to this. However, the necessary synchronization between the social part of the program and its basic content is missing.

As a consequence, today the real practice of reform is already coming into contradiction with the proposed logic of change in priorities in social policy. Long before the start of the second stage of reform (in 1994), which is supposed to give stimulate development of the social sphere on its own basis, the commercialization of the complex of everyday services to the population has begun, as it has in the sphere of culture, recreation, and tourism. Even before the introduction of a system of medical insurance, medical care is becoming a paid service. The principles of payment in the sphere of education are receiving broad dissemination. Already in the first stage of the economy's transformation, guidelines for the period of economic upsurge are being embodied.

What defines the government's ideology in the social sphere today? The attempt to transfer to it the principles of regulating social relations that are characteristic for countries with a developed market economy. Above all,

this affects the package of proposals on changes in the formation and use of so-called public consumption funds.

The feasibility of these principles, however, depends directly on how ready people are for the market, on their desire to develop market relations, and on their active inclusion in this process. In actuality, all three conditions, in our view, are represented in society by only individual seats.

In proposing its program, the government evidently hoped for a nonconflictual continuation of the trends in the social sphere, for society to linger in its apathy in the future, too. These hopes are anything but well founded. It is becoming increasingly obvious that the no-conflict line is exhausting itself.

#### **Nemtsov Interviewed on Local Reform Effort**

934C0073B Moscow FEDERATSIYA in Russian  
No 38, 17-23 Sep 92 p 6

[Interview with Boris Nemtsov, governor of Nizhniy Novgorod Oblast, by Marina Solovyeva, correspondent of FEDERATSIYA: "Governor Boris Nemtsov: Yeltsin Plays Only With Those Who Are Weaker Than He Is"]

[Text] 1991, which became the beginning of the end of the career of many leaders of the Gorbachev era, launched into orbit a new generation of leaders. The governor of Nizhniy Novgorod Oblast, Boris Nemtsov, is one of them.

Appointed after the August events as representative of the President of Russia in Nizhniy Novgorod Oblast, in November he also assumed the duties of head of executive power. In the Nizhniy-Novgorod newspapers of those days, the deputies of the oblast Soviet characterized the young governor as a "politician of large scale" [masshtabnyy], a "receptive man, capable of solving any problems," a "reckless democrat and reformer."

A new splash of interest in the thirty-two year old Nemtsov in recent times has been called forth by a whole series of bold steps in the socio-economic life of the region and, of course, by his joint work with Grigoriy Yavlinskiy on the development of a model for a way out of the crisis in the conditions of Nizhniy Novgorod Oblast.

[Solovyeva] Some fellow-citizens, remembering the sad experience of the building of "the communist paradise" in one country taken separately, have an extremely skeptical attitude to your attempts to accelerate the transition to the market of one oblast taken separately. The tactic of relying for support on one's own forces—what is this? Lack of confidence in the possibilities and abilities of the Russian authorities or the style of your work?

[Nemtsov] We do not propose any special path. You see, in principle the chosen direction is the correct one—there is no other path. Is it necessary to give people land?

It is necessary, and we are doing this without prevaricating. Is it necessary to develop entrepreneurship, support it, especially at first? We have created an oblast fund for the support of entrepreneurs. To carry out the denationalization of enterprises is also necessary, and we are doing that. Moscow, you know, will not attend to our region, in practice we must realize all ideas ourselves. That's all. Every republic, every oblast has its own regional programs—somewhere they are worse, somewhere they are better, there is nothing special here.

[Solovyeva] And nevertheless, in my view, there is something special. You will agree, the Russian out-of-the-way places, traditionally used to looking at Moscow, suddenly strive to be ahead of Russia in everything, say, in the commercialization of trade, or for the first time try out small privatization on themselves. Or suddenly link up with the development of the regional program of a well-known Moscow economist.

[Nemtsov] The fact that the oblast is gaining such a reputation is good. Who has said that everything better and new must be only in the capital? I believe that throughout Russia there must be such beacons, such strong points, which must serve as reference points. And our oblast, the largest one in Russia, moreover situated very conveniently in its center, on the Volga, has good potential and almost all the structures and resources necessary for independent development. Thus, all this must be put into operation. You just cannot wait endlessly for someone to come along and solve all your problems.

You see, is it really fair that peasants working on the land do not have any rights to this land? Is it fair that people for months cannot receive any wages, pensioners—pensions, or to buy products in stores at acceptable prices?

We, for example, here, too, have found a way out—we will float a municipal loan, which will help us solve the problem with cash in the oblast. And its mechanism differs favorably from the already known experiment with various money surrogates in other regions: The total sum of consumer tickets [potrebitelskiy bilet] does not exceed the sum of wage debts.

We have many good ideas. For example, we would like to allow the privatization of gas stations, we have ideas in the oblast for the conversion of weapons for export, but the Russian authorities do not let us do this.

[Solovyeva] As is well known, you have brought an action in the Constitutional Court against the Russian Government for violation of the Constitution and labor legislation in the part that pertains to payment for labor. Do you seriously believe that this action of yours is capable of somehow changing the situation and forcing the Government to take some decisive steps?

[Nemtsov] Everything is very simple: They violated the Constitution. In the Government people at once started



to be nervous. You see, they live very calmly, and if you don't stir them, they in general will not take up the problems of the regions.

[Solovyeva] Here for two months already a group from "Epicenter," headed by Grigoriy Yavlinskiy, has been in the oblast—a group which, jointly with specialists from Nizhniy Novgorod, is taking part in the development of programs for getting us out of the crisis. In connection with this, they frequently compare you with your famous fellow-countryman Minin, and Yavlinskiy with Pozhar-skiy. How do you like such a comparison.

[Nemtsov] We are not particularly good-looking (laughs). Do you have in mind that we will raise a militia and mount a campaign against Moscow?

[Solovyeva] Well, why all at once a campaign? At least show the way out of the difficult situation.

[Nemtsov] Grigoriy Yavlinskiy is a very good friend of mine, our joint work on the "500 Days" program connects us, and he selected our oblast because its problems are typical for Russia. On the other hand, I, frankly, am grateful to the Russian Government for the fact that they are not interfering in the affairs of the oblast; they themselves are not doing anything in Moscow, but they do not put obstacles in our way. I have the possibility of acting on my own, of doing what, as head of the administration, I consider necessary in order somehow to stabilize the situation, of weakening social tension. We, indeed, cannot permit demonstrators with black, red, green and whatever other flags to walk around the city, and wait, when they are demanding a return to dictatorship.

[Solovyeva] As far as I know, thus far a rather calm atmosphere has been preserved in Nizhniy Novgorod Oblast, you were successful in signing an agreement with the leaders of the oblast branches of various parties. But the territory of the oblast is inhabited by many small peoples that have their own national problems and are now going through the painful processes of the revival of their national consciousness. How are these questions being solved by the oblast administration and does there exist in its structure some link specifically devoting itself to them?

[Nemtsov] I believe that the nationality problem is very delicate and requires an equally delicate approach. There is no such department in the structure of the administration, and this is why: As they say, create a post, and a problem will appear. But this does not mean that we are not thinking about these questions or do not understand their importance; staff members of the apparatus are studying them.

[Solovyeva] Your experience with small privatization is already well known today, and one can probably speak of some results. They have not disappointed you?

[Nemtsov] Privatization in our oblast is now going full speed ahead. People are entirely in favor of it, they are

voting with both hands. I have been in regions, there even women are taking part in auctions! And, you know, prices in the privatized stores are much lower than in the state stores.

[Solovyeva] But, I remember, at first your "experiment" with small privatization gave rise to quite a lot of discontent people. There were even pickets and demonstrations by the trade workers.

[Nemtsov] Yes, this was, if you like, the only case when they actually were able to organize something. For this there were enough of them. The directors of the stores were simply afraid that they will lose their cushy place. No reforms can suit everyone. And if reforms do not have opponents, it means they are not moving.

[Solovyeva] How do you assess your activity in the Russian parliament?

[Nemtsov] The work in the Commission on Legislation has become a good school for me, it has taught me a great deal. At the same time, I have understood that the deputies, adopting one law or another, frequently do not even investigate its subtleties, or do this superficially. It is impossible to work at the local level on the basis of these laws.

[Solovyeva] Soon it will be almost year that you, still a very young man, are the governor of Russia's largest oblast. Have you changed a great deal?

[Nemtsov] The question is not for me to answer.

[Solovyeva] But do you yourself feel changes in yourself?

[Nemtsov] Politics makes a man tough, even cruel. You start to look at many things in a different way.

[Solovyeva] You are a politician by vocation?

[Nemtsov] Sooner under duress. Generally speaking, I am a physicist.

[Solovyeva] But do you connect your future with politics?

[Nemtsov] I don't know. I have not thought about this. I live for today. But I am not holding on to my chair. Only, I think there are not many persons who are interested in it. I only regret that already I will not be able to return to science.

[Solovyeva] Why?

[Nemtsov] Because there is no place to go: There is already no science.

[Solovyeva] Do you have doubts about yourself as a politician?

[Nemtsov] Generally speaking, I am convinced that I am going in the right direction, although, of course, there are things about which I reflect a great deal. Yes, of course, I have doubts, this is normal.

[Solovyeva] Do you have a family?

[Nemtsov] Yes, a wife, a daughter. She is only 8 years old, but she is already asking for chamois leather..

[Solovyeva] Passions?

[Nemtsov] Fishing and big tennis. Now there is no time for them. But for tennis I sometimes find time. They tell me, it is true, that I imitate Yeltsin. But I started to get involved in tennis long before Yeltsin became President, I have a first-class rating.

[Solovyeva] So that between you and the President a tennis tournament could take place?

[Nemtsov] I don't think that this will ever take place.

[Solovyeva] Yeltsin plays only with those who are weaker than he is. At least the outcome will be determined beforehand.

**Resolution on Export Duty Exemption for Installations Built With Russian Technical Assistance**

935D0004A Moscow ROSSIYSKAYA GAZETA  
in Russian 1 Oct 92 p 5

[Decree of the Government of the Russian Federation of 17 September 1992, No. 730, in Moscow, "On Exemption From Export Customs Duty of Sets of Equipment, Raw Materials, Other Materials, and Component Parts Supplied for Construction, Reconstruction, and Operation of Installations Abroad Carried Out With the Technical Assistance of the Russian Federation"]

[Text] In compliance with the ukase of the president of the Russian Federation of 14 June 1992, No. 629, "On a partial change in the order to be followed in the mandatory sale of a portion of the currency proceeds and the levying of export duties," the government of the Russian Federation decrees the following:

1. Sets of equipment, raw materials, other materials, and component parts supplied for the construction, reconstruction, and operation of complete facilities abroad, carried out on the basis of intergovernmental agreements with the technical assistance of the Russian Federation, are exempted from export customs duty.

2. Sets of equipment raw materials, other materials, and component parts supplied for construction, reconstruction, and operation of complete facilities abroad outside of intergovernmental agreements, are exempted from export duty in accordance with a joint decision of the Ministry of Foreign Economic Ties of the Russian Federation, the Ministry of Finance of the Russian Federation, the Ministry of Economy of the Russian Federation, and the State Customs Committee, granting the subjects of economic activity appropriate premises.

3. Within one week the Ministry of Foreign Economic Ties of the Russian Federation, the Ministry of Finance

of the Russian Federation, the Ministry of Economy of the Russian Federation, and the State Customs Committee of the Russian Federation are to establish the list of documents and the order in which the documents are to be submitted for the export of products and materials exempted from export customs duties in accordance with this decree.

4. This decree goes into effect on the date of its publication.

[Signed] Ye. Gaydar

**Decree on Trade Committee Formation**

935D0004B Moscow ROSSIYSKAYA GAZETA  
in Russian 29 Sep 92 p 4

[Decree of the President of the Russian Federation "On Formation of the Trade Committee of the Russian Federation"]

[Text] For the purpose of implementing the state policy in the development of the consumer market under conditions involving free formation of prices and movement of goods, I hereby decree as follows:

1. Form the Trade Committee of the Russian Federation (with the rights of an agency of the Russian Federation) on the basis of the Trade Committee of the Ministry of Trade and Material Resources of the Russian Federation which is being abolished.

2. Appoint Gorbachev, Ivan Ivanovich, chairman of the Trade Committee of the Russian Federation.

3. The government of the Russian Federation will deal with questions concerning the activity of the Trade Committee of the Russian Federation.

4. In partial amendment of Point 3 of the ukase of the president of the Russian Federation of 7 August 1992, No. 826, assign to the Trade Committee of the Russian Federation office space being occupied by the Trade Committee of the Ministry of Trade and Material Resources of the Russian Federation located at Myasnitskaya Ulitsa 47 and Boyarskiy Pereulok 4 and transfer to it all financial resources and property of the committee being abolished.

5. The present decree goes into effect at the moment of signature.

[Signed] B. Yeltsin, president of the Russian Federation  
Moscow, the Kremlin, 22 September 1992

No. 1114

**Resolution on Trade Committee Questions**

935D0004C Moscow ROSSIYSKAYA GAZETA  
in Russian 1 Oct 92 p 5

[Resolution of the Government of the Russian Federation of 22 September 1992, No. 739, Moscow, "Questions Concerning Trade Committee of the Russian Federation"]

[Text] The government of the Russian Federation resolves as follows:

1. Find the Trade Committee of the Russian Federation to be a federal organ of state administration of the Russian Federation implementing the state policy in the sphere of trade services for the population and development of the market infrastructure.

2. Charge the Trade Committee of the Russian Federation with:

- organization of work for the implementation of state strategy in the development of trade and public catering;
- elaboration of proposals to improve the structure of production and consumption of goods and the forecasting of the development of the consumer market and its infrastructure;
- participation in the development of federal target-oriented programs and performance of the duties of a state ordering organization in the organization of work connected with the realization of federal target-oriented programs and satisfaction of other state needs, in accordance with decisions of the government of the Russian Federation;
- elaboration of economic regulators promoting optimization of trade activity;
- extension of all-round assistance with privatization in trade and creation of new branch commercial structures based on various forms of ownership;
- elaboration of measures of an organizational, economic, and legal nature promoting the development of entrepreneurship and competition;
- mutual cooperation with executive organs of state power at the local level with regard to questions of retail trade services for the population and control over the activity of trade enterprises;
- forecasting of the needs of the population in the area of public catering services and the directions of its further development;
- elaboration of drafts of enforceable enactments, standards, and norms governing the operation of trade and public catering enterprises under conditions of a market economy regardless of the forms of ownership;

—stimulation of scientific-technical research and research and development and implementation of the results in the practical operation of trade enterprises and public catering;

—organization of the training of personnel for trade and public catering within the network of higher and secondary specialized educational establishments and elaboration of measures for their social protection;

3. The Ministry of Trade and Material Resources of the Russian Federation to transfer in the established order the Main Administration of State Quality Inspection of Goods and State Trade Inspection (Gostorginspektaiya), as well as training establishments, organizations, enterprises, and facilities of the consumer service type, in accordance with supplements No. 1 and No. 2, to the jurisdiction of the Trade Committee of the Russian Federation.

4. Establish a staff structure for central office of the Trade Committee of the Russian Federation of 222 units (without security and building maintenance personnel) and a wage fund for the third quarter of 1992 in an amount of 2,061 thousand rubles, along with that for the office of the Main Administration of State Quality Inspection of Goods and State Trade Inspection of 22 units and a wage fund in an amount of 211,000 rubles.

The structure and staff organization of the central office of the Trade Committee of the Russian Federation are determined by the chairman of the committee in accordance with the established staff size and wage fund.

5. Authorize five deputy chairmen, including one first deputy chairman, and a board consisting of 11 members for the Trade Committee of the Russian Federation. The composition of the board includes the chairman of the committee and his deputies. Members of the board are confirmed by the government of the Russian Federation.

6. Establish that the financing of expenditures on the maintenance of the central office of the Trade Committee of the Russian Federation be carried out with appropriations for the maintenance of organs of state administration stipulated in the republic budget of the Russian Federation.

7. Extend conditions for remuneration of labor, and household and medical services of workers in the ministries of the Russian Federation to apply to personnel of the Trade Committee of the Russian Federation.

8. Within one month the Trade Committee of the Russian Federation to submit the draft of a statute on the committee to the government of the Russian Federation.

[Signed] Ye. Gaydar



**Krasnoyarsk Plutonium Plant Faces Conversion**

PM2110145192 Moscow KOMSOMOLSKAYA  
PRAVDA in Russian 20 Oct 92 p 2

[Report by V. Nelyubin: "Mountains Cause Misfortune From Excess of Cleverness"]

[Text] Our "rafik" moved off from the asphalt and slowly stumbled along the sleepers of the railroad track disappearing into the tunnel. The outwardly utterly unremarkable "hole" in the mountain quite rapidly displayed its extraordinariness. And it was not even a matter of its length or the several locked gates and the three document checks. The poet was wrong, it turns out that not all "tunnels emerge into the light." Our tunnel led deep into the Siberian ore mines, into a gigantic underground city whose three galleries accommodate the shops of what only yesterday was a top secret establishment—the Krasnoyarsk mining and chemical combine. Here, 200 meters down, far from curious eyes, weapons-grade plutonium has been produced for the past 35 years.

Beria's department started work here back in the late forties. Over 60,000 prisoners chipped at the intransigent Sayanskiy rocks, digging deeper and deeper into the ground. In 1953, after the death of the father and teacher, they were replaced by military construction workers. And five years later the first nuclear reactor started to operate here—Siberian plutonium had arrived. On the rocky shore of the Yenisey it was not even a metropolis but something more imposing without, so the specialists say, a counterpart in the world, which was carved out. Its dimensions may be judged by the fact that every hour 5.5 million cubic meters of air are pumped underground into the combine's shops and living premises.

Today the combine is experiencing hard times. Two of its three reactors have been stopped: The international situation has changed and requirements for weapons-grade plutonium have declined drastically.

"We are accelerating the pace of conversion," says Pavel Morozov, the combine's deputy chief engineer. "We have set up the production of printed circuit boards, transformer units, and scans [razvertki] for the 'Rassvet' monochrome television sets produced in Krasnoyarsk. We have concluded a contract with the Samsung firm..."

But all this is in the long term, and meanwhile production profitability is falling and because of the lack of funds housing construction is having to be curtailed and a conflict is developing in the collective over the unsatisfactory wages. But the most alarming thing is that today the direction in which the combine will develop further is unclear. Its leading specialists are convinced that the only correct path is the further development and improvement of the processing and storage of used fuel from nuclear power stations. (Today the only storage facility in the CIS for waste from reactors of the VVER-1000 type is at Krasnoyarsk-26).

**Petroleum Products Price Regulating Examined**

934A0046A Moscow DELOVOY MIR in Russian  
25 Sep 92 p 3

[Article by V. Mikhnevich: "Black Gold for a Rainy Day"]

[Text] Boris Yeltsin's Ukaze No. 1089 "On the State Regulation of Prices on Individual Types of Energy Resources" dated 17 September 1992, and the government's decree signed that same day "On State Regulation of Prices on Energy Resources, Products, and Services," continue to arouse a sharp and divided reaction. Both documents, published literally on the eve of the regular session of the Russian Federation parliament, as if on purpose, are adding fuel to the fire on the eve of the discussion by the parliament of the government's and president's policy. "From below" the situation is being heated up by the growing alarm of the people, who not without justification are worried by the question: to what level will the pricing bar be raised next time?

Quite recently a glass of oil cost less than a glass of mineral water (about 10 kopecks in 1989 prices). After the latest presidential decree is implemented it will cost slightly more than a ruble—in the existing price scale. So it must be clear to everyone who is familiar with arithmetic that the present increase of prices on oil is no more than covering inflation.

In contrast to all the previous decisions concerning the TEK [fuel and energy complex], henceforth the state will not set some sort of cap prices for oil or petroleum products, but only introduce mechanisms to impede their unrestrained growth. There are two of these mechanisms: indirect regulation through a limit of 50 percent on oil production profits, and direct regulation through tax withholding from excess profits into a pricing regulation fund of the Ministry of Finance. An enterprise will have to give up half of the proceeds made from the sale of oil at a price above 5000 rubles per metric ton. In addition, prices will have to be determined based on prepaid delivery, i.e., without taking into account transportation costs. The buyer, as the government hopes, will choose the closer supplier, in order to gain on the sale volumes, and not on the excess prices of small lots.

So far it is impossible to predict how these pricing regulation mechanisms will work. The oil producing enterprises have a lot of ways to overstate their already considerable costs and thereby lower the real level of profitability. However it is not the price of crude oil which most affects the general price situation in the country, but the prices of petroleum products. For oil refining the maximum level of profitability is set considerably lower—not more than 20 percent, with a differentiation among enterprises. In the production cost of automobile gasolines and oils, the cost of the oil exceeds 90 percent; the possibilities for oil refining in an additional price hike are substantially limited. Moreover, the government decree, which Yegor Gaydar signed to

implement the presidential decree, plans for the introduction of differentiated excise tax rates for oil and gas condensate, but during the time these taxes are being calculated a single excise tax rate of 18 percent will be introduced. The excise tax sent to the federal budget serves to level the financial resources of enterprises with differing degrees of geological complexity in their operating conditions. And in our country practically every third oil and gas production association is distinguished by complex conditions. In other words, the excise rates are yet another mechanism for restraining unjustifiably high prices.

According to available information, it is unlikely that the price of crude oil will exceed six thousand rubles per metric ton with the value-added tax, and 4.5-5 thousand rubles per metric ton without it. The cost of gasoline, according to forecasts, will be about 20 rubles per liter, although the price spread in different regions may be considerable.

The shocks to the economy associated with price rises in liquid energy sources will turn out to be, perhaps, not all that terrible; but under conditions of spiralling inflation they will inevitably hit the consumer in his pocket. The expected increase in prices is due primarily to the fact that the production and refining of oil is among the basic industries and the change in price here cannot help but have an effect on all other sectors of the economy without exception.

Despite the measures undertaken to prevent the unrestrained growth in oil prices, the present price increase is most likely not the last. The price increases provoked in other sectors will return like a boomerang to the oil industry, which will have to pay higher prices for materials, food, transportation, and other services. In the experts' opinion, in order to prevent a social explosion, the average salary across Russia will have to be raised to ten thousand rubles a month, while today the average monthly wages in oil and gas producing regions is slightly more than 13 thousand rubles, with the cost of a consumer's basket in the northern oblasts of about 12 thousand rubles. A comparison of figures shows that if inflation is not controlled, the oil workers will still have to wiggle out of the situation using the only available lever at their disposal—oil prices.

The fate of reforms will in many respects depend on how fast the oil and gas industry can be revived and conditions created for its development at a faster rate. If this does not happen, then the energy crisis will finish off for good our already malnourished ruble, having made us millionaires standing on the church steps with our hands out.

The experience of reforms has shown that it is too much for the government to restrain oil prices subsidizing the industry only from the budget, which also bears the burden of other kinds of compensation. There are two solutions: the introduction of a economic state of emergency, which will throw us back for decades, or the

reduction of unproductive costs and the direction of freed-up funds to the economy's "hot spots," which is also very hard to implement, especially if one bears in mind the next "brilliant" move of the Central Bank, which threatens to empty the public coffers by approximately three trillion rubles. The increase in state purchases of arms will inflict the next blow. Still another blow is the growth of compensation payments to the population.

Observers note that the energy crisis, on the threshold of which the country found itself, to a considerable degree is a result of numerous opposition groups which had begun after the democrats came to power. However the opposition, which in fact chased Ye. Gaydar's government into a corner and deprived it of freedom of maneuver, will be able to celebrate only a Pyrrhic victory in the event that it succeeds in toppling this government.

It must be stated that not even a year has passed since the parliamentary opposition showed its bad side. In a short stretch of time, with terrible speed, the inflationary spiral began to unwind and it is becoming harder and harder to cope with it.

The development of events resulted in the government, and Boris Yeltsin himself, finding themselves hostages of the situation unfolding in the oil producing industries. In order to understand how neglected these industries were, it is enough to cite a few figures. Today in the Siberian oil producing regions more than 20 thousand wells are suspended. There is no money to pump oil. Oil exploration is being curtailed. A significant portion of "black gold" is simply remaining in the ground due to the backward oil recovery technologies. In the blazing flares above the oil fields millions of dollars are burned annually—this is money literally thrown to the wind. In energy costs per unit of output, Russia surpasses the U.S. by one and a half times and Japan by approximately three times. In order to get things moving hundreds of billions of rubles are required, which are nowhere to be had. So what are oil producing enterprises, which according to the laws of the market economy are supposed to earn their own livelihoods, supposed to do?

Therefore the increase, and in fact the freeing of prices for energy is a natural and, unfortunately, a too long delayed decision. The present situation was predicted long ago in the oil industry, where they are not amateurs. It was also predicted by the experts, including foreign experts. Now we are dealing with a fait accompli. Is there a way out? Accelerated privatization is suggested as one of the possible alternatives, where oil producing enterprises would get not a mythical but a real owner who is interested in the development of production. In the opinion of the experts of the investment company RITEK, whose interests are linked to the energy producing industries, private or joint stock capital could become one of the component investments. Another component is the use of foreign investments and know-how in the deep refining of oil. A third is the redirection of part of the budget expenditures in favor of the energy

sector, which will inevitably come into conflict with the recently adopted decision to increase defense expenditures. There also exist a number of proposals (including those from commercial circles) to use the production capacity of converted defense enterprises in the machine-building complex in the interest of the sector.

The increase in prices on gasoline, oils, diesel fuel, and electricity may turn out to be fatal for those plants, whose products are not in demand. Energy-intensive industries will also find themselves in a difficult situation. Some of them may face the dilemma of either curtailing production, or mastering modern energy-saving technologies at an accelerated pace, which will also require additional capital investments. Therefore one of the consequences of the price increase on energy may turn out to be a general reduction in energy consumption, which under the present shortage conditions is not all that bad.

In taken a number of measures which are preventing a snow-balling growth of energy prices, the government has made a first step. The next step, evidently, must be the use of market mechanisms for stimulating the industry's development. The case in point is not only the possibility of earning a livelihood, but creating savings for the introduction of new highly productive technologies for the production and refining of oil. In addition, the oil industry workers together with the local authorities of the oil-producing regions will have to be concerned with the creation of a social infrastructure, which as of today will not withstand any criticism.

According to available calculations, the revival of the industry will require from three to five years given an intensive influx of capital.

Right now the industry needs most-favored status.

#### Problems of Organizing Regional Aviation Organs

934A0032A Moscow VOZDUSHNYY TRANSPORT  
in Russian No 37, Sep 92 p 4

[Interview with Stanislav Ovcharenko, first deputy director of the Department of Air Transport of the Ministry of Transportation of Russia, by B. Sidorenko, VOZDUSHNYY TRANSPORT correspondent; place and date not given: "A Repetition of the Old? No, Creation of the New!"]

[Text] This was emphasized in an interview with our correspondent by Stanislav Ovcharenko, first deputy director of the Department of Air Transport of the Ministry of Transport, while reflecting on the problems of the organization of regional administration organs.

[Sidorenko] Stanislav Nikolayevich, as is well-known, a decree was adopted recently on the creation of regional organs of civil aviation administration. To what extent is it urgent and timely?

[Ovcharenko] From the first steps of the functioning of the department, two problems became the most critical: the manageability of the branch and its financing. All the same, both one and the other, in the final analysis, can be reduced to flight safety.

After enterprises became independent and the previously existing system of management was wrecked, the need arose to coordinate their activity. Especially because administration functions still partly remained with us. So that it became necessary quickly to find ways of eliminating the break that formed between the administration structures and the department. We have already started to staff the regional organs.

[Sidorenko] What will their functions be?

[Ovcharenko] We have returned to the old designation—administration. But in contrast to those that existed previously, we will not charge them with economic functions. They will become organs of state administration and regulation, and they will promote the development of aviation enterprises as independent economic subjects.

Their main role is to ensure flight safety. This is the development of various methods, certification, and standardization of flight and technical complexes, and licensing. That is, virtually the entire complex of questions comes down to the issuance of recommendations, certificates, operator permits, and licenses, and monitoring their execution. All of these tasks are completely consistent with the tasks of the department, but now only as they apply to each region.

At the same time, it is impossible for us, after all, also to do without the local organs of administration. Take Yakutia as an example. It has its own Ministry of Transport and the Department of Air Transport there. Now, when a regional organ is established on the basis of our former administration, it will become a good addition to already functioning administration structures. This can only be useful, because professionals of the very highest class will join there.

[Sidorenko] Will the locations of the territorial administrations remain as before?

[Ovcharenko] We examined the question on the possibility of consolidating. But we came to the conclusion that it is not expedient to do this now, and we will retain the "old geography." Moreover, the localities are taking such an interest in the new organs that in a number of cases they are proposing to establish them where they did not exist before. But we will not do this for the time being. We will establish them only where they existed before. But life will show how to proceed further. Excessive haste is pointless.

[Sidorenko] But what will happen to those structures that emerged on the basis of the administrations?



[Ovcharenko] Of course, there is a problem here. Those concerns and aviation companies that have been organized do not want to break up. Therefore, it is also planned to establish commercial and economic structures on their basis—in a full sense, voluntary joint stock aviation companies on a territorial principle. In this case, we are gearing our state administration and economic regulation for the complete independence of existing enterprises. It is absolutely necessary here to consider the opinions of collectives on a given question in strict compliance with Russian legislation.

[Sidorenko] So, for example, previously there was the North Caucasus administration and, afterwards, the commercial structure—the Yugavia [southern aviation] concern—emerged. Associations were established on the basis of the former Leningrad administration. And so forth. Will these commercial structures work with the restored administrations that are parallel to them?

[Ovcharenko] The fact is that previously these structures engaged in both economic administration and functions of state regulation, which should not be mixed.

[Sidorenko] That is, one part of this structure, as previously, will involve itself in commercial activity, and the other, separated from it, in questions of state regulation?

[Ovcharenko] Yes. But commercial activity is retained only in the event that the aviation enterprises that are part of it agree. It is possible that it will be necessary in individual regions to retain unions and associations on new principles. But in a number of places, aviation enterprises could consider their further existence to be inadvisable. In those cases, when enterprises decide to liquidate emerging associations, it will be necessary for them simultaneously and cooperatively to examine questions of material-technical supply, the sale of air traffic, the training of cadres, and so forth.

[Sidorenko] Difficulties can arise in the selection of personnel. For example, those specialists who managed flight safety have now joined the commercial structure. There, apparently, wages are higher than they can be paid from the budget now. But these are people with high qualifications, and it is not easy to replace them.

[Ovcharenko] Yes, of course, there will be difficulties for the state regulation organs. But I think that it will be possible to find a solution in close contact with the regional leadership. And, indeed, it is likely that the state will support subsidies on this question, considering that flight safety is the most important task. The budget structures must not lose on wages.

I cannot avoid touching on one more serious problem. It has turned out that we have many organizations involved with one and the same questions. And I have in mind flight safety most of all. This is our inspection in the department and the inspections being established in the regional structures—this is one structure. Then, the Russian transport inspection can be mentioned. The

next organization is Russian Aviation Inspection [Rosavianadzor] (the former State Aviation Inspection). Further, there is interstate inspection related to MAK (Interstate Aviation Committee). Four such structures for the branch, of course, is a bit too much.

[Sidorenko] And what does the solution to this situation seem to be?

[Ovcharenko] I think that after the creation of Rosavianadzor that we, being under the single management of the Ministry of Transport of Russia, will find some kind of a single approach, and we will arrive at a specific task for each one.

[Sidorenko] Will it be more difficult with the MAK structure? Probably, parallelism here is inevitable?

[Ovcharenko] To a certain degree, yes. But I think that they should also involve themselves there with reclamation and research on equipment conducted in contiguous independent states. But we ourselves will look into a purely Russian product and everything associated with it.

[Sidorenko] At what stage today is the process of establishing regional organs?

[Ovcharenko] A draft regulation is already ready. It is now being reviewed in the Ministry of Transport of Russia. The edict will be ratified in the near future.

[Sidorenko] And, probably, the last question, Stanislav Nikolayevich. At one time, when the department was being established, there was talk only about the state regulation organ. Later, life showed that many of our independent enterprises were not ready for independence itself. And that the need for economic management still remained. So that in the present stage the department and its regional organs in the field will continue, it must be assumed, to manage economic questions?

[Ovcharenko] Not entirely so. Our territorial structures moved quicker today along the path of a separation of functions, and, it can be said, are surpassing the department. At the very beginning, they will not have a mixture of state and economic regulation. Because voluntary joint-stock economic structures are being established on the basis of the aviation companies and economic structures. And the beginning process of dividing the state sector into regional structures, of course, presupposes a clear demarcation of functions without fail.

And we on the staff of the department should not delve deeply into economic functions, but, on the contrary, we should strive to avoid them as much as possible.

That is, the establishment of regional organs in the field is an important step for the department also to become an organ only of state regulation. After all, it is a great mistake for us to try to involve ourselves in everything, and at the same time with nothing seriously. Thus, the

establishment of state regional regulation structures is a well thought-out and correct policy.

[Sidorenko] Not a repetition of the past, but creation of the new?

[Ovcharenko] Yes, we are firmly convinced of this.

#### **Collegium Reviews Railway Performance**

934A0089A Moscow GUDOK in Russian 7 Oct 92 p 1

[Article by V. Chibisov: "During the Year's Final Stage"]

[Text] October has come and this means that the economic calendar has begun the count-down for the final and, perhaps, most intense quarter—the fourth. Getting going after doing nothing, hopes for "later"—all this is in the past.

What are the indicators with which Russia's rail transport is entering the fourth quarter? The discussion during the selective meeting conducted yesterday by E. Poddavashkin, first deputy minister of railways, was about this.

Generally speaking, practically all railroads coped with the prescribed shipping quotas during the first nine months. Deliveries of freight to consignees exceeded the stipulated amount by 3.9 million tonnes.

However, if one analyzes the type of shipments, a shortfall is observed, especially for such important national economic goods as petroleum products, mineral fertilizer, cement.... Millions of tonnes of fuel were not delivered to recipients since the beginning of the year due to the railroads' fault. The Kemerovo, Kuybyshev, Sverdlovsk, Moscow, and North Caucasus allowed a shortfall. The Northern failed to ship 19,000 tonnes of coal; the Baykal-Amur has a big debt.... This year, the total underloading of petroleum products reached 4.3 million tonnes. The Kuybyshev, Northern and Volga especially "distinguished" themselves. True, there is a rather weighty reason here—the shortage of tank cars—but it was caused by a lessening of the railroad workers' performance discipline. Everyone threw themselves like mad into loading fuel for export. As a result, the port stations were jammed and tank capacities were excluded from turnover. Almost 6,200 loaded tank cars are now standing idle on the Far Eastern awaiting unloading. For now, electric power stations are being supplied with fuel but one has "flirted" enough with the first frost and it is necessary to fill reserves. Where will one get tank cars?

As before, the empties disposition list is a sore question. Many railroads are disrupting their quotas without justification. Thus, the October did not hand over 4,000 tank cars to the empties disposition list during September when its own loading resources were available. A consist loaded with fuel oil has been standing idle since April at the Khovrino station. The Moscow frequently disrupts the transfer of empty capacities to the Kuybyshev and Gorkiy....

Although the unloading situation was somewhat alleviated on the Far Eastern, Transbaykal and Baykal-Amur during September as a result of steps taken by the Ministry of Railways and the railroads, these regions continue to be in a difficult situation. Thus, 45 consists loaded with freight for China are standing idle on the Transbaykal. The situation, which has been created, can only be corrected by reducing unplanned shipments of products both for export and for the destination railroads.

The second category of freight, to which transport workers are now paying especially intent attention, is food, primarily bread and potatoes. An accurate work organization is required of the grain carriers for the delivery of these goods. Unfortunately, this is not being noted in the railroads' activity. Half of the required number of boxcars is being handed over for the empties disposition list daily. The Belarussian lacks this type of rolling stock to export the potatoes which Russia purchased in Poland.

The situation is no better with grain carriers. This year, the Kazakhstan virgin lands provided grain generously. Kazakhstan is selling it to the Russian Federation but the efficient export of the grain has in no way been set up due to the lack of special rolling stock.

Train traffic safety evokes special concern. During the first nine months, 30 wrecks, 26 accidents and 327 cases of rolling stock derailments occurred on Russia's railroads.

The financial condition of the railroads and the situation regarding housing and capital construction and the preparation of transport and municipal facilities for the winter and other questions were also examined in detail during the meeting.

#### **Russian-German Railway Cooperation Agreement Signed**

934A0089B Moscow GUDOK in Russian 7 Oct 92 p 1

[Unattributed article: "Cooperation Is Expanding"]

[Text] A Ministry of Railways delegation headed by G. M. Fadeyev, minister of railways, was in the FRG from 29 September to 4 October. During the visit to Bonn and Frankfurt on the Main, the delegation conducted negotiations with G. Krause, the FRG federal minister for transport, and (Kh. Dyurr), chairman of the Board of German Railroads.

An agreement between Russia's Ministry of Railways and the FRG Ministry for Transport on cooperation in the rail transport area was signed for the first time, thereby establishing a legal basis for its expansion and deepening.

Questions on the improvement of passenger communications between Russia and Germany, joint efforts by both countries in attracting additional freight traffic, the

improvement of transport services on the Trans-Siberian mainline, especially on the Europe-Asia avenue, and the setting up of high-speed traffic on the Moscow-Minsk-Warsaw-Berlin-Hannover route were examined during the negotiations.

Special attention was paid to the question of reconstructing the Moscow-St Petersburg section. An agreement on the German side's technical assistance in implementing this project was achieved. Measures were planned to expand combined shipments between Russia and Germany and to increase the efficiency of rail-ferry communications between Klaypeda and Mukran. The German side declared its readiness to provide assistance in reconstructing a terminal in the vicinity of Moscow and training Russian specialists.

A meeting was held between G. M. Fadeyev and the directors of the association of German firms producing products for rail transport. The Russian minister reported on the second international railroad congress that took place in (Orlinskhaufen) and talked about the condition and prospects for expanding Russian railroads and their role in carrying out shipments of passengers and freight between Europe and Asia.

## REGIONAL AFFAIRS

### Tatarstan-Russia Talks May Be Completed by Year's End

*MK1710133092 Moscow FEDERATSIYA in Russian No 42, 15-21 Oct 92 (Signed to Press 14 Oct 92) p 10*

[Marina Solovyeva report: "President Mintimer Shaymiyev of Tatarstan: 'We Must All Shoot Forward Together'"]

[Text] Yoshkar-Ola—"When we are all equally far behind, it is ridiculous to shoot forward on your own, we must all shoot forward together," President Mintimer Shaymiyev of Tatarstan stated at a press conference in Yoshkar-Ola after the signing of an interstate treaty with the Republic of Mari El.

According to the president, Tatarstan, which is a little ahead of the other former autonomous formations in defending its rights, places particular emphasis on friendship and cooperation with neighboring republics, desiring to place the traditional links on a new economic and political footing. Treaties have already been concluded with Bashkortostan, Udmurtia, and now Mari El. Chuvashia is next.

Though he recognizes that it is impossible for the republics to develop in isolation given the single economic space, Shaymiyev nevertheless again voiced his opposition to creating a rigid center in the shape of Moscow such as existed before, with the same old attempts to regulate the republics' lives. Such attempts, he noted, have continued even since the signing of the

Federation Treaty. According to him, Tatarstan's position is aimed at the same time at democratizing Russia's state structure.

Focusing particular attention on the regions' desire for autonomy, the president of Tatarstan noted that not only the national republics but also oblasts are joining increasingly actively in this process. He cited the Cheboksary speech of Nizhniy Novgorod Governor Boris Nemtsov, who "expressed Tatarstan's position entirely."

The relations between Moscow and Tatarstan, which did not sign the Federation Treaty, have still not been finally clarified. Nevertheless, the process of negotiations, which Shaymiyev thinks has already covered half the road, may be completed by the end of the year. Time is on the side of democracy, he stressed, and mutual understanding has been reached with the president of Russia despite the resistance of certain forces in various power structures which are hampering these processes.

As for the mass media's reaction to Tatarstan's initiative and the situation in the republic, M. Shaymiyev remains extremely unhappy with it. In his opinion, in most cases the facts are presented in a distorted light thanks to the central press. That also applies to the national movement. Yes, there are extremes in it, he noted, but the republic's leadership is sticking to a considered approach and takes a very negative view of nationalist phenomena. Although it is also deeply convinced that national state territories should not lose their identity.

Active movement toward integration with neighboring republics is taking place in parallel with the international policy of Tatarstan, which recently formed its own Ministry of Foreign Economic Relations. However, asked about attempts to suspect the republic of an Islamic orientation, Shaymiyev declared in an interview with the newspaper MARIYSKAYA PRAVDA [Mari Truth]: "For the foreseeable future I can see no basis for the spread of Islamic fundamentalism in Tatarstan. As in other regions—and to no greater extent—there is a return to national religious roots. This is a normal process. There are no other indications of the activation of Islam in the republic."

### Drafters Disown Published Bashkortostan Constitution

*PM1910142392 Moscow ROSSIYSKAYA GAZETA in Russian 16 Oct 92 First Edition p 1*

[Open letter from members of the Republic of Bashkortostan Constitutional Commission under the general heading "The Federation": "We Are Under Threat of Yet Another War—This Time a War of Constitutions"]

[Text] The draft new republic constitution has been published in the Bashkir press for discussion. Although this was done on behalf of the Constitutional Commission, we, its members, declare that on no occasion did the commission vote for the draft's publication in its present form.



Many of us expounded our own proposals, but they were not in fact discussed in detail. The decision to publish was adopted by the republic Supreme Soviet Presidium, and therefore we, the members of the Constitutional Commission, have decided to express our opinion in ROSSIYSKAYA GAZETA.

Article 10 of the draft claims that the Republic of Bashkortostan is part of the Russian Federation. However, an analysis of the draft as a whole shows that this clause is nothing more than a "cover." Judge for yourselves. The supremacy of the republic constitution and its laws on the territory of Bashkortostan is declared. There is not a word on the topic of Russian authority on our republic's territory. Nor is there any discussion here on the topic of the joint authority of the Republic of Bashkortostan and the Russian Federation. All questions on republic territory, apart from defense questions, are decided on the basis of the Bashkortostan Constitution and laws.

It is known that our republic signed the Federation Treaty, which is supposed to become an integral part of the Russian Federation Constitution. However, the draft in general does not mention this. It merely states that the Republic of Bashkortostan is building its relations with Russia in accordance with the Treaty on the Fundamentals of Interstate Relations, as well as in accordance with bilateral treaties.

One of the most important questions in any constitution is that of the legal status of citizens, and above all the definition of the individual's legal membership of the state. It is worth noting that it was at the behest of the majority of Constitutional Commission members, and then only after lengthy debate, that Article 16 was given the following wording: "The Republic of Bashkortostan has its own citizenship. Citizens of the Republic of Bashkortostan are simultaneously citizens of the Russian Federation. The conditions and procedure for obtaining or surrendering citizenship of the Republic of Bashkortostan are defined in the Law on Citizenship of the Republic of Bashkortostan."

However, in our view, the use of the word "simultaneously" is not quite right in this rendition, as it could give cause for different interpretations of this article. It must be clear to people living on our republic territory that, if their rights and interests are not defended by Russian laws and the appropriate law-enforcement organs, then the level of real protection of their rights is patently reduced. It is in the interests of all citizens living in the republic to remain Russian Federation citizens so that Russian laws will protect them wherever they may be. This clause should be clearly enshrined in the new Republic of Bashkortostan Constitution.

[signed] Members of the Republic of Bashkortostan Constitutional Commission:

Doctor of Economic Sciences Kh. Gizatullin, corresponding member of the Russian Academy of Sciences;

Doctor of Juridical Sciences Professor F. Rayanov;  
Candidate of Juridical Sciences L. Dolnikova.

**Mari Delegates To Attend National Congress**  
*934C0113B Kazan SOVETSKAYA TATARIYA*  
*in Russian 5 Sep 92 p 3*

[Article by V. Yanalov, press secretary of the president of the Mari El Republic and member of the organizing committee: "Preparations for the All-Mari Congress"]

[Text] Supporting the initiative of the community, which has announced the need for holding a congress of the Mari people, the president of the Republic of Mari El, V. V. Zotin, has issued a directive defining the stages of preparation for this forum and has appointed an organizing committee for its implementation. The All-Mari Congress will be held in Yoshkar-Ola on 30-31 October. The elections of delegates will be held in all places of compact residence of Mari people on the territory of the former USSR.

All-national conferences of Mari representatives were already held at the beginning of the century. They were a significant step in the process of national consolidation and formulation of the ethnic self-awareness of the people. At that time the Mari, who never had their own statehood or access to the fruits of civilization, declared for the first time their intention to attain the same level as the enlightened world.

Unfortunately, post-October historical science distorted, and then also silenced the outstanding importance of these all-national conferences in the life of the Mari.

Only in recent years has the movement for national rebirth, "Mariy ushem," started giving a truthful account of the history of the people and continuing the practice of all-Mari conferences. At the second congress of "Mariy ushema," which was held in April of this year, an appeal was adopted for the convocation of an all-national congress, and drafts of documents for discussion and adoption at the upcoming forum were prepared.

According to the ratified statute, delegates representing around 570,000 Mari over 18 years of age will gather at the congress. The elections of delegates will be held under the standard representation of one per thousand voters, and electoral conferences will be held in rayons with predominant Mari population.

While on the territory of the Republic of Mari El the mechanism of elections will be ensured unconditionally, there will evidently be more difficulties in formulating the corps of delegates representing Mari living outside the boundaries of their national-territorial formations. This is a serious problem, since over half of the Mari live outside the boundaries of their republic. Considering this fact, President V. V. Zotin appealed to the heads of administration of the republics and oblasts with compact

Mari population with a request to aid in holding the elections of delegates to the all-Mari congress.

According to our data, there are around 20,000 Mari living on the territory of the Republic of Tatarstan. Their villages are located in five rayons, and here our fellow tribesmen have retained their native language, culture, and the customs of their people. There are also active sections and departments of the "Mariy Ushem" movement here. We know that a Mari cultural center is being formed in Tatarstan. The members of the initiative group for its creation have visited Yoshkar-Ola and met with the leaders of "Mariy ushem" and of the republic's Ministry of Culture.

Problems to be discussed at the congress include the provision for the cultural-ethnic demands of the Mari living beyond the boundaries of their state organization. But the main thing is to develop a program for realization of the political, economic and cultural rights of the people at the stage of democratic reform in our Homeland.

Information on preparations for the congress may be obtained in Yoshkar-Ola at the following address: Lenin-skiy Prospekt, 29, Room 509, Mari Congress

#### **Krasnodar Kray Soviet Chairman on Ethnic Tensions in Kuban**

934C0091A Moscow ROSSIYSKAYA GAZETA  
in Russian 15 Oct 92 p 4

[Article by Aleksandr Zhdanovskiy, Chairman of the Krasnodarskiy Kray Soviet of People's Deputies: "The Time To Live Is Now"]

[Text] Not so long ago hardly any of us gave serious thought to what nationality our friends, neighbors, and acquaintances were. And suddenly everything has changed.

The nationality question has become political. And the nationality idea has been the safety valve into which the enormous energy constrained by decades of totalitarianism has been directed. Not finding a creative application within the framework of the restructuring that was going around, it ended up in a destructive stream, sweeping away everything in its path.

The specialists think that in recent years the former Union has been changed into a vast experimental field at which various models of ethnic-state entities are being tested. And no one can say at this moment whether we have passed the low point of the crisis in ethnic relationships.

It must be recognized that nationalism is a powerful means for the internal consolidation of new states, and the temptation to set it in motion is very great. The fact that a terrible price must be paid for this will hardly stop some politicians. They do not pay it.

The ethno-political situation in any part of Russia can be compared with a mosaic: the set of elements is identical but the combination of them is always unique.

Representatives of many nationalities live in the Kuban, residing in groups with a definite and quite high level of collective cohesion. In addition to the Russians, who number about four million, representatives of some 20 different peoples live in the Kuban.

Some of the ethnics live in complete groups, concentrated in large bodies in a limited space. For example, the Turkic-Meskhethin live primarily in the two southern regions where they settled after the Fergana events of 1989.

The kray is a border region of Russia. The events in neighboring Abkhazia, Georgia (just like in the ethnic republics of the North Caucasus), are exerting an indirect influence on the situation here: the Kuban has been compelled to accept the burden of waves of migration.

An important feature of the interethnic mosaic that has presented itself recently is most urgent—a sharp increase in the political activism of Cossack organizations, mainly the Kuban Cossack Rada.

Against a background of severe economic problems, the forcible separation of migrants from the side of the indigenous population is completely natural. And finally, we must consider the fact that these factors are aggravated by the historic memory of the peoples of the Kuban, in which there are bright examples of fraternity and friendship, but there are also, unfortunately, examples of the opposite nature.

The status of interethnic relations in the kray can be compared with a valley of geysers: now here, now there, the earth's crust does not withstand the enormous internal pressure, which escapes in strong and short outbursts. Then everything is quiet. But for a time. And no one can guarantee that in a week or in a month the next explosion will not occur....

A corresponding evolution goes on also in the social consciousness. In the spring of 1991 the deputies of the Krasnodar Kray Soviet were surveyed on the program, "Trends in the Development of Interethnic Relationships in the Kray." In the spring of this year the survey was repeated. It was explained that during the year the number of deputies who consider that interethnic conflict in the form of violent (or armed) acts is possible in a short time had grown greatly (from 35 to 44 percent). The main cause of this was the general worsening of the social and economic situation in the country. Such is the opinion of the body of deputies.

Powerful "outbursts" of tension in the kray occur regularly. Here is a brief chronicle of events. In November 1991 there was a pogrom in the village of Kholm'skiy; five homes of the Turkic-Meskhethin were damaged. In December Cossacks picketed the building of the kray soviet and administration en masse with demands for

rapid implementation of the law, "The Rehabilitation of Repressed Peoples." In May 1992 there was a second picketing of the kray soviet, by members of the Kuban Cossack Rada. In June 1992 there were nighttime watches of the Cossacks on the part of rayon militia divisions and an attempt to block road traffic under the slogan of evicting the "Caucasians," and so on, who are living in the kray illegally. Increasingly often, crimes in which the perpetrator and the victim are members of different nationalities are coming to light. The fact that the activity of the Kuban Cossack Rada has become the most important factor in determining ethno-political stability in the kray is completely obvious.

Two very large Cossack organizations now exist in the Kuban—the Kuban Cossack Rada and the Kuban Cossack Army. The Rada is the more politicized and radical organization. In recent months its activity has been marked by a splash. Declaring that its purpose is the rebirth of the Cossacks as a special people, the Rada is striving for authority and is seeking adoption of legislative enactments for rehabilitation that would give the Cossacks definite privileges and advantages.

Kuban Cossack Rada leaders have proclaimed the "genetic" principle for membership in the Cossacks and the thesis that there are two peoples native to the Kuban—the Adygei and the Cossacks. Regardless of the desire and strivings of the organization's leaders, these slogans are creating a basis for ethnic-region separatism for the Cossacks. And the first sprouts of such attitudes have already appeared. Here is a citation from the kray's newspaper: "Right now a parade of sovereignties is going on. That is why we Kubaners must not set up the task of uniting the Cossacks of the Don, the Kuban, and Stavropol into a North-Caucasus republic."

Demands by some Cossack leaders for a privileged status for the Cossacks and for the right to bear arms are being voiced with increasing loudness. And the Bryukhovetskiy Rayon Cossack Circle makes these demands: "...Calls on Cossack homesteads, apartments, and garden plots by militia and prosecutor personnel, the detention of Cossacks, and the conduct of inquiries and indictments can be performed only with the knowledge and mandatory agreement of Cossack authorities and in the presence of their representatives. We demand that Cossacks be authorized to acquire and keep firearms (including rifles and automatic weapons) and the right to use them for purposes of self-defense...."

"...In case of large-scale and organized attack on the Cossacks and restrictions on their historic privileges, we retain for ourselves the right of collective actions...."

The striving of social activists to use such concepts as "indigenous people," "ethnic-state independence," "historic rights," and so on is understandable. And the desire of a people to rely on what is indigenous and stable is justified. But much danger is concealed here. That same "historic right," which was acquired from the depths of mythologizing, is extremely convenient in its ambiguity

and indeterminacy, and it permits itself to be manipulated with ingenuity, which compels one to remember the art of the former virtuosi of the class approach.

The "Achilles heel" of current authority is the lack of perfection and incompleteness of Russian legislation. Up to now, most important laws about refugees, forced evictions, and the administrative-territorial system (this law should regulate, in particular, the procedure for establishing ethnic regions) have not been adopted. Yes, the adoption of the law is a prolonged procedure, but it should not lag behind the speed of social processes.

The concept of an ethnic policy for Russia and the forming of regional programs for stabilizing interethnic relationships is necessary. In Krasnodar Kray, the draft of such a program has already been prepared and offered for everyone's discussion. The idea of adopting a statute (or a law or ukase) about a special procedure for examining claims in the area of interethnic relationships matured long ago. At present, authorities of any level are practically deprived of mechanisms for influencing an ethno-political situation and are forced to count only on negotiations and compromise solutions.

As a border region, Krasnodarskiy Kray felt these problems yesterday, and today, literally before our eyes, they are transformed into the detonator of a social explosion. But unfortunately, the center is reacting sluggishly to the growing tension of interethnic relations on Russia's southern borders. We see practically no state decisions on this subject.

I have already brought up the amoral, antihumanistic idea of "historic right." There is a great multitude of methods for its practical application in a polyethnic area. One of them is the "firm hand," or "solid power." The most negative, which is a wave of the insanity that sweeps over us each day, is becoming increasingly "romantic." Let us take a look at the speed with which the word murderer is transformed: at first it is "bandit," then "fighter," then "defensive fighter," and, finally, "patriot." How can one help but recall the famous aphorism about patriotism being "the last refuge of the scoundrel"?

These are our life, our pain, our everyday tribulations. And not just ours. The state of interethnic relations in a vast, strategically important region is a problem not only of the "Russian Caucasus" itself but also of the highest bodies of power and control. Therefore, their great interest in unifying the structures and bodies in these regions, which are occupied with problems of interethnic relations, would be logical. In our view, it would be desirable to create services for quick reaction in this sphere along the vertical lines for the execution of power—from the State Committee on Ethnic Policy to the kray's administration and the oblast, inclusive.

For the time being, the mosaic of interethnic relationships in the Kuban has not taken the shape of an omen of inevitable conflicts. But in the future we will be able to guarantee it only when all levels and branches of



authority realize the reality of the situation and take all the steps necessary to avert trouble.

#### **Orenburg Oblast Almost Fulfills State Grain Order**

PM1910141592 Moscow ROSSIYSKIYE VESTI  
in Russian 17 Oct 92 p 3

[Valeriy Vedernikov report: "Big Harvest in Orenburg Region"]

[Text] This year has been successful for the crop farmers of Orenburg. In eastern rayons of what was once the virgin land zone the grain yield was 16 quintals per hectare. They did not achieve that figure even in those years when the oblast used to receive awards for its "big harvest."

The state order has been virtually fulfilled. Around 1,500,000 quintals of grain are in the granaries. The new purchase prices set by the Russian Government have had an effect. The amount of grain supplied to the local food fund is more than planned. Cheap equipment is being bought on the strength of purchases of grain. For example, a Niva combine harvester costs 380,000 rubles [R] instead of R1 million.

The supply of grain might have been even greater. However, the state settles up with kolkhozes and sovkhoses not in cash but in receipts. There are mountains of these useless scraps of paper on the farms. V. Khimich, director of the "Orenburgkhlebprodukt" association, cited debt figures of R300 million. Specialists believe that this figure is plainly understated. However, the situation is being rectified: Local commercial banks have issued R2 billion.

This year there has been much talk about the government's policy aimed at disbanding the kolkhozes and sovkhoses. Life has shown that these fears are largely unfounded. Only three of the 602 farms in the oblast have been disbanded. No subsidies could have saved them. Private farmers, numbering around 2,500, worked quite well this year. But their contribution to the oblast grain supply is comparatively small.

The oblast administration deputy head for the agro-industrial complex has stated that the Orenburg region could now become the granary of the Greater Urals area. There is one problem: The majority of the oblasts in this zone have announced their intention to buy local grain but do not have the money.

#### **Oktyabrskiy Rayon Court Ruling on Popov Sanctioned Joint Venture**

934C0110B Moscow ROSSIYSKAYA GAZETA  
in Russian 6 Oct 92 p 1

[ITAR-TASS article: "Nevertheless, It is Too Soon to Place the Period"]

[Text] It took the participants in the judicial session of Moscow's Oktyabrskiy rayon court slightly over an hour yesterday to render the decision on determining the invalid status of the constituent documents of the Soviet-French joint venture "Tsentr KNIT-Kaluzhskaya zastava" and the Russian Federation Minfin [Ministry of Finance] registration certificate of 16 March 1991.

That was the finale of the next but, as observers believe, not the last stage in the episode of the "times of Moscow privatization" which has caused such a stir.

We will recall that the reason for review of the case in court was the fact of the signing in December 1990 by former Mossovet [Moscow Soviet] Chairman Gavril Popov of the agreement on the creation of the joint venture "Tsentr KNIT-Kaluzhskaya zastava" and the agreement on the lease of 60 hectares of city territory in the region of Gagarin Square to the joint venture for a paltry sum. The project provided for reconstruction of the square and the adjoining houses, which would have required the re-settlement of several thousand residents of the microrayon. These plans were made without appropriate coordination with the deputies of the Oktyabrskiy Rayon Soviet.

In February of 1992 the Moscow Soviet assigned the city procurator's office the task of investigating the authorities and circumstances of the case associated with the founding of the Soviet-French enterprise. In the course of the investigation, the procurator's office determined that the joint venture's constituent documents and the agreement for lease of the land had been signed by the physical persons without the necessary discussion of the questions at the session and at the presidium of the Moscow Soviet. The Russian Ministry of Finance, which had registered the joint venture, was also named as a co-defendant, despite the absence of registration in the Moscow Soviet.

The interested parties as represented by the joint venture "Tsentr KNIT-Kaluzhskaya zastava" and the Ministry of Finance simply ignored the city procurator's office suit, and did not appear at the court session. The management of the joint venture also did not show any initiative for re-registration of the enterprise in accordance with the existing legislation. Therefore, the court had nothing left to do but grant the petition, acknowledging the constituent documents of the joint venture to be invalid and annulling its registration in the Ministry of Finance. However, the journalists present at the meeting believe that it is too soon to place the period at the end of this story. The figures involved in it are much too large.

#### **Privatization Vouchers' Effect on Moscow Prices Noted**

934C0110A Moscow NEZAVISIMAYA GAZETA  
in Russian 15 Oct 92 p 4

[Article by Aleksey Podorozhanskiy: "Better for You To Keep Quiet; Weighted Average Price on Vouchers Has Dropped"]

[Text] Since the beginning of issuance of privatization checks to the population, over 700 deals have been registered at the voucher trade center on Myasnitskaya Street. But at least every other seller evades registration, and therefore the actual count is numbering in the thousands. During each of these deals, an average of no more than three vouchers is sold, although there are enough guards in the hall both to ensure order and to protect the participants in the exchanges against any type of infringements.

By last Thursday, the weighted average price of one voucher had risen to 8,856 rubles (R), and by Friday—to R8,960. However, on Monday, 12 October, when a record number of voucher sales was recorded—180, the weighted average price had dropped to R7,628. The chief administrator of the AO [joint stock company] RTSB [Russian Commodities and Raw Materials Exchange], A. Vlasov, explains this by the fact that last week it was announced from high sources that land and real property would be sold for them. And so the interest in these goods was heightened. Yet it remained, as is the custom for interest in any purely verbal and in essence irresponsible promises, for only two or three days...

The price of a voucher in Moscow will invariably be influenced by registered deals in similar centers in other cities. But as yet there is no information on their creation, just as there is no reliable information on the weighted average prices on a voucher in the major regions of Russia.

#### St Petersburg Soviet Adopts 2nd Half Budget

934C0077A St. Petersburg SMENA in Russian  
8 Oct 92 p 1

[Article by Nataliya Ipatova: "There Will Be New Taxes and Possibly a Government"]

[Text] Yesterday, during a press conference held in the Marinsk Palace, Aleksandr Belyayev summarized the results of the 15th Session of the Petrosovet [St. Petersburg City Soviet of Workers' Deputies].

The principal achievement of the session—approval of the municipal budget for the second six month period. The city was authorized to spend 39.598 billion rubles against an income of 34,455 billion rubles.

Aleksandr Belyayev noted that new sources of income were included in the budget: for example, a property tax (338 million rubles), stock dividends and interest on loans (87 million) and privatization (420 million). At the same time, the budgetary deficit increased to 5.143 billion rubles and this figure is associated mainly with growth in the prices for energy carriers.

The largest items of expenditure—municipal services and transport: 4.2 billion rubles allocated for the socio-cultural sphere, one and a half billion—for a program aimed at providing social support for the population and one billion—for modernizing the city's center.

True, only several items of budgetary expense can be appealed in terms of reduction—earnings (primarily for establishments in the social sphere), grants, purchases of medicine and expenditures for education and legal protection organs. The remaining expenditures, as mentioned by the chairman of the Petrosovet, can be trimmed if worst comes to worst.

The small soviet was assigned the task of implementing two new taxes—a transport tax and a tax for maintenance of the organs of GUVd [Main Administration for Internal Affairs]. The plans call for the transport tax to be imposed upon all enterprises (this will possibly bring about a negligible increase in the cost of products—one percent in some areas). The result will be a monthly addition to the municipal treasury of 120 million rubles.

However, given the importance of the budgetary questions, the most emotional event of the past session was the discussion of the request by the office of the public prosecutor to deny the deputy inviolability of Yuriy Sevenard. Aleksandr Belyayev refrained from voting upon this question: "Certainly, consent must be given from the standpoint of the letter of the law. But I feel very sorry for Yuriy Konstantinovich from a purely human standpoint."

There is still the "topic of the day"—the advisability of creating a Saint Petersburg government. In the opinion of the speaker, such a structure is needed—for coordinating the work of the mayor's office with administration of the municipal economy. Actually, at times the Petrosovet receives mutually exclusive proposals from the mayor's committees. Aleksandr Belyayev believes that the government, if one is created, must concern itself with operational control over the municipal economy, hand down decisions aimed at carrying out the budget and examine questions associated with the regulation and administration of property. In any case, the proposal for the creation of a government must come from the mayor's office. In all probability, this question will be resolved at that time when the soviet approves the structure for the municipal administration.

Upon parting, Aleksandr Nikolayevich advised the city-dwellers to be in no hurry to sell their vouchers.

#### Controversial Figure To Head Petersburg Security Directorate

934C0077B St. Petersburg SMENA in Russian  
8 Oct 92 p 2

[Article by Aleksandr Gorshkov: "The Large House Has Acquired a True Master"]

[Text] Publicist Igor Bunich referred to the assignment of Colonel Viktor Cherkasov as chief of the Petersburg directorate of the Ministry of Security for Russia as a "slap in the face for the city's democratic society."

The new head of the Large House had a brilliant career as a security officer, progressing from a rank and file

investigator (senior lieutenant) in 1980 to colonel and chief of an investigative branch of the UKGB [director of the Committee for State Security] in 1987. "During these years, he participated in a majority of the dissident cases and political processes in our city. Investigator Cherkosov served at the level responsible for preparing these processes. He was involved in cases against members of the Peoples' Labor Union (Dolinin, Yevdokimov), the "Democratic Union" party and the literary works of Donskiy, Meylakh and Polyakov, who were guilty of having read or of having made available for reading, xerox copies of Solzhenitsin's "Archipelago" stated Bunich.

Bunich encountered Cherkosov on two occasions—in 1980 and 1982, when serving as a witness during cases conducted by Viktor Vasilyevich. Moreover, he escaped rather easily: in all, he was deprived of work at the naval academy.

Bunich mentioned that during those years Cherkosov occupied Office No. 13 (remodeled from a toilet) at the end of a corridor of a house on Liteyniy Street: "I still retained subpoenas for interrogations that had been signed by Cherkosov. Even then I mentioned to him that I would sell these papers at auction when he became chief of the directorate." (Obviously the time had arrived for Igor Lvovich to make good on his promise).

"During interrogations, the investigator willingly took advantage of the principle proclaimed by Aleksandr Shuvalov, the chief of a secret office during the Elizabethan time. The chief concern was to surprise the defendant," recalled Bunich. Cherkosov openly informed his clients regarding his methods. Those under investigation were confronted by three almost identical articles of the UK [criminal code], based upon which all of the dissident cases were fabricated: 190 (up to three years of imprisonment), 70 (up to seven years) and Article 64. If the party under investigation agreed to "help" the investigation, they would promise to sentence him according to Article 190, with a possible reduction in the prison term. If assistance was refused, the guilty party was handled on the basis of Article 70.

"I am a confirmed communist and I support the idea," Cherkosov stated to Bunich. It would be interesting to know who he serves now, following the demise of communism. Bunich is convinced: it is obvious at the present time that this individual lacks any convictions.

"When I learned of his assignment, I telephoned my friends and suggested that they hide their works of Marx and Lenin—indeed the possibility exists that Cherkosov will now use his energy in an opposite direction than that employed when he pursued those in possession of the works of Solzhenitsin and Avtorkhanov.

Igor Bunich sees still another dangerous aspect in the assignment of Cherkosov to the post of chief of the UMBR [Upravleniye Ministerstva Bezopasnosti Rossii; Directorate of the Ministry of Security for Russia].

"The tragedy of our security service lies in the fact that over a period of 70 years it was unable to ensure the country's security, but rather it engaged in a war against its own people. In the case of Cherkosov and others like him, professionalism was fully subordinate to ideology. These people were incompetent in matters of state security.

The new assignment could only arouse a protest. During the 1980's, the name of Cherkosov was well known in the dissident circles. Bunich believes that the rearrangement in the leadership of the Saint Petersburg UMBR was the result of resistance to the reforms carried out by the chief of the directorate, Sergey Stepashin. He acquired too many enemies within the Large House and the mayoralty of Saint Petersburg.

At the present time, there are approximately 30 senior KGB officers working in the mayoralty, all of whom can be reassigned by Stepashin. It is not known if Viktor Vasilyevich studied under the legal faculty of LGU [Leningrad State University imeni A.A. Zhdanov] or listened to lectures delivered by Professor Sobchak, but it can be stated with confidence that today he would not have risen to this post without the approval of the professor.

## INTERNATIONAL AFFAIRS

**Evacuation Plans, MFA Statement on Angola**  
934C0101A Moscow NEZAVISIMAYA GAZETA  
in Russian 14 Oct 92 p 1

[Article by Vladimir Abarinov: "The Kabul Precedent Will Not Be Repeated: Moscow Is Ready To Evacuate Russian Citizens From Angola"]

[Text] As is known, the situation in Angola leaves much to be desired. Meanwhile, there are more than 1,000 Russian citizens (1,037 to be absolutely precise) in the country, including the most troubled region—the Cabinda enclave. It is time, it would seem, that the government took steps for the contingency of an emergency evacuation—the dramatic events in Kabul are still fresh in everyone's memory, and something of the sort has occurred repeatedly on the African continent, in Somalia or Liberia, for example. Aleksandr Smirnov, deputy chief of the Africa Desk of the Russian Federation Foreign Ministry (MFA), assured our correspondent that in this case Moscow had taken care of this problem ahead of time. On the threshold of the elections even the Foreign Ministry, in conjunction with the State Committee for Emergencies and the Defense Ministry, had drawn up a detailed plan of action. If necessary, people will be taken via Luanda to Brazzaville and Windhoek, and from there by Air Force carriers to Moscow with a stopover in Algeria or Malta. Defense Ministry aircraft could be in the Angolan capital in 12 hours after having received the order. According to A. Smirnov, thought



has been given to questions of providing the evacuees with residential accommodation, meals, and medical assistance.

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Yesterday the Russian Federation Foreign Ministry released a statement in connection with the events in Angola. It reads:

The results of the general election are to be announced in Angola today. With the active assistance of the international community and the United Nations, both Angolan parties made considerable efforts to ensure that these elections were held in a normal atmosphere. At the same time, however, the political situation in Angola is now very tense. The charges leveled at the National Election Council by the UNITA [National Union for the Total Independence of Angola] opposition grouping and their confrontational tone are not contributing to a normalization of the situation in the country.

The Russian side once again calls on all political forces of Angola to display responsibility and abide fully by the commitments assumed within the framework of the Lisbon agreements.

#### **Parliament's Role in Selection of New Envoys Viewed**

934C0058A Moscow NEZAVISIMAYA GAZETA  
in Russian 29 Sep 92 p 1

[Article by Vladimir Volzhskiy: "Diplomacy: Future Ambassadors in White House.—RF Supreme Soviet International Affairs Committee Begins Discussion of Russian Ambassador Nominees Prior to Their Appointment by President"]

[Text] Finally, the first seven nominees for Russian ambassadors (the list submitted to the committee was signed by Georgiy Kunadze, the deputy minister in charge of Foreign Ministry personnel) has been presented to the People's Deputies. For the time being, the ambassadors being appointed (with the exception of the envoy to Georgia, V.V. Zemskiy, and to South Africa, Ye.P. Gusarov) are going not the main ambassador posts, but mostly to exotic tropical countries: Zambia (M.M. Bocharnikov), Zaire (Yu.A. Spirin), Benin-Togo (Yu.P. Chepik), Chad (G.V. Gumenyuk), and Malaysia (V.Ya. Vorobyov).

Nevertheless, the first step is the hardest. How many spears had to be broken in public newspaper polemics between committee chairman Yevgeniy Ambartsumov and the Russian Foreign Ministry leadership in order to finally embark on this civilized path of preliminary discussion of ambassador nominees (to be followed by deputy ministers and chiefs of Foreign Ministry central departments and administrations).

The latter, it seems, continues to elicit covert resistance from Foreign Ministry personnel officials who are desperately trying to block the parliament from interfering in the holy of holies—the appointment of top-level diplomats. After all, they only just got rid of party control on the part of the CPSU Central Committee. These traditions go back a long time: In 1906-1916, the czarist Foreign Ministry repulsed turned back similar demands from the State Duma, and ambassadors were named by the czar personally all the way up to February 1917.

The appearance of an anonymous article entitled "The Russian Foreign Ministry and Yevgeniy Ambartsumov" (NG, September 25) can only be seen as a continuation of this behind-the-scenes struggle. The article was full of poorly concealed malice and slander directed at the chief initiator of the "American" procedure for appointing Russian ambassadors.

Nevertheless, for the sake of fairness, it must be said that the first to embark on this civilized path in the Supreme Soviet was not the International Affairs Committee, but the Defense and Security Issues Committee. And now, after the military and security officials, it is the diplomats' turn.

Who are these first Russian ambassadors to undergo parliamentary discussion and cross-examination by People's Deputies?

They range in age from 44 to 54, and every last one is a graduate of the Moscow State Institute of Foreign Relations. All of them have passed through all the levels of the Foreign Ministry hierarchy, from advisers at Soviet embassies to administration (department) chiefs of the USSR Foreign Ministry central apparatus. In short, they are "career diplomats," old hands of the old Foreign Ministry. Not a single nominee from "outside"—from among Russian democrats—has been put forward by Smolensk Square, even though there have been quite a lot of them since December 1991.

And so there were no sensations in the selection of ambassador nominees.

The discussion itself was like a friendly "internecine battle." Most of the questions were directed to the future ambassadors to Georgia and South Africa. The committee chairman complained that thus far, Foreign Ministry ambassadors have lacked sufficient integrity in standing up for their positions. Not one—and this applies to former ambassadors from among the party-crats and current ones from among the democrats—has ever resigned in disagreement with the center.

At the same time, the chairman agreed with committee members that the parliamentary procedure for discussing ambassador nominees is not yet perfect, and that we have a long way to go before reaching the level of the

U.S. Senate. As a result, all the ambassadors in attendance (four people) and all those who were absent (three who are already at their embassies) were recommended for confirmation.

#### **Speculation on Choice of New Cuban Envoy in Moscow**

934C0058B Moscow NEZAVISIMAYA GAZETA  
in Russian 2 Oct 92 p 2

[Article by Leonid Velekhov: "Who Will Become Cuba's Ambassador in Moscow?"]

[Text] According to unofficial information that NG has obtained from foreign diplomatic sources, Cuba's new ambassador to Moscow will be Rogelio Montenegro. He used to work on the staff of Cuban Council of Ministers Deputy Chairman Carlos Rafael Rodriguez, serving as secretary of Cuba's standing CMEA commission, which Rodriguez headed. When the previous ambassador, Jose Ramon Balaguer, abruptly departed, NG speculated that this would be followed by a substantial downgrading of the traditionally high nomenklatura level of the official who represented Cuba in Moscow. And although the speculation was denied at the time by both the Cuban Embassy and the RG Ministry of Foreign Affairs, in reality—if the report of Montenegro's appointment is confirmed—that is exactly what will happen. Rogelio Montenegro, whose high level of competence need not be doubted, nevertheless is not a member of the top Cuban nomenklatura echelon from which ambassadors to Moscow used to be recruited.

#### **Commentary on Iliescu Election Victory in Romania**

934C0080A Moscow IZVESTIYA in Russian 14 Oct 92  
Morning Edition p 5

[Article by B. Rodionov: "Iliescu's Victory and the Fate of Reforms"]

[Text] Judging by preliminary information, 62 year old Ion Iliescu carried the victory in the second round of elections for president in Romania, having taken 61 percent of the vote. His rival, 52 year old Professor Emil Constantinescu, received the support of 39 percent of the voters.

The right-centrist Democratic Convention (DK), which nominated Constantinescu, did not even manage to reduce the gap in comparison with the first round. During the interim heavy artillery had been launched. The three day televised debates, proposed by Constantinescu's team, were supposed to have opened eyes to the nomenklatura past of his rival. (In regard to this the well-known political scientist S. Brucan said caustically that there was a difference only in the fact that Ceaucescu had been the secretary of propaganda for the Central Committee of the RCP [Romanian Communist

Party] during the sixties, and Constantinescu, the secretary of propaganda for the university's partkom [party committee] at the end of the eighties.)

The DK had tried to prove that a victory by Iliescu, who was backed by the "national-communist bloc," would lead to the suspension of reforms, the preservation of old structures, and the isolation of Romania from Europe. An argument which carried weight in the fight over undecided votes involved a decision made by American congressmen, denying Romania on those very days the right to most favored nation status in trade relations with the United States (Incidentally, Ceaucescu's regime enjoyed this right for many years.) "Americans are taking a stance against communism in Romania, and they are troubled over the lack of democracy in the country," the DK candidate said, sounding an alarm prior to the second round of elections.

The majority of voters, however, preferred seeing Iliescu in the presidential palace. The experienced politician played on the national feelings of Romanians having stated, "We do not need the testimony of others to attest to the degree of democracy present in our country." He promised a more smooth transition to a market economy and received the votes of thousands of people apprehensive of shock therapy. Iliescu's position was particularly strong in rural areas, as the latter, having returned land after decollectivization, feared the return of large landowners. Opposition camp troops sent out to villages to persuade them otherwise on the last Sunday before the election, did little to change this.

Thus, Iliescu won, the only Eastern European president, as has been emphasized by Western press, with such a communist nomenklatura background. His party, however, the DFNS, having picked up only 28 percent of the vote during the parliamentary elections, will hardly succeed in heading the government. The president's idea of a government of national unity has also met with a cool reception. Not only the DK, but the nationalist Party of National Unity of Romanians, upon which the DFNS is placing great hope, has no desire to enter into a coalition with the DFNS. Protracted fighting in the parliament lies ahead, the outcome of which the president will play a great role in. Will he further the formation of a cabinet of reform, or will he give preference to other priorities?

#### **International Figures Demonstrate Support for Gorbachev**

934C0080B Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 13 Oct 92 p 1

[Article by N. Dolgoplov: "If M.S. Does Not Go to K.S. [Constitutional Court]"]

[Text] Whether they were good times or extremely bad times for Mikhail Sergeyevich, the French have always regarded Gorbachev with respect. When Paris thought that its darling had been treated badly, a small storm arose upon the banks of the Seine. France expressed its

concern via its MID leadership [Ministry of Foreign Affairs] over measures that had been taken against the Gorbachev Foundation. Mitterrand, in what was even a somewhat demonstrative fashion, sent his colleague ex-president "a mess age of friendship." Once again he did not forget to invite Mikhail Sergeyevich to come to France "when such a trip became possible."

The Germans have also been troubled. Gorbachev was invited to Berlin for the funeral ceremony in memory of Willi Brandt. According to reports made by the German press, Helmut Kohl was pained by what had happened to Gorbachev and was planning to put in a word for him with Yeltsin. At present, two months before the chancellor is to visit Moscow, such a suggestion could carry some weight. In addition, the UN General Secretary has not restricted himself to the verbal conventions of past eras. As was affirmed by the French press, a special envoy has already arrived in Moscow. The object of his visit is to deliver an international UN passport to Gorbachev. With such a document, recognized by even Russia, one can virtually travel around the entire world without entrance or exit visas.

#### **Business Congress Attendees Polled on Reform Priorities**

934A0053A Moscow DELOVOY MIR in Russian  
3 Sep 92 p 12

[Article by Mikhail Savin, chief research worker, Institute of Sociopolitical Research of the Russian Academy of Science: "Business People Take a Position"]

[Text] In resolving tasks to develop the Russian Federation, special significance is assumed by a reading of the interests of entrepreneurs as one of the most important subjects of economic reorganization. From this standpoint, the results of a sociological survey conducted among the attendees at the International Congress of Business People, which was held in Vladivostok in the summer of 1992, are of interest. The congress was conducted at the initiative of Universe, a Far Eastern union of international cooperation and foreign economic activity.

Congress attendees expressed serious concern over the situation that has developed today in the economy of Russia. Not one person evaluated it as good or as satisfactory. At the same time, 40 percent consider it tense, 40 percent—a crisis, and every fifth person—a catastrophe.

In assessing the near future of Russia that will set in toward the end of 1992, only 13 percent of the congress attendees expressed the hope that the situation will improve a little. Just as many believe that it will remain as it is now. But a majority (69 percent) think that Russia's economic situation will worsen by the end of 1992; moreover, 26 percent are hoping for an insignificant drop, but 43 percent are prepared for a worse variant.

This view of business people on the outlook for the Russian economy is explained, in our opinion, mainly by their critical attitude toward the economic strategy of the Russian government on the transition to a market. Practically none of the congress participants expressed unconditional trust in this strategy. Almost half of those polled expressed disapproval of it, and 53 percent approve it only partially.

The answers to this question are interesting: "What in your opinion should be done first and foremost for a successful transition to a market economy in Russia?" The main priorities look like this:

- a reduction in taxes;
- the provision of clear and stable legislation;
- the adoption of state and regional programs of support for business, especially small and average businesses;
- the implementation of effective and full-scale privatization;
- the formation of an owner class;
- a resolution of the question of private ownership of land.

Much will depend on how we utilize the experience of the economic development of other countries. Congress attendees named 13 countries on whose experience it would be possible to orient oneself. The greatest preference was given to Germany, Sweden, the United States, Japan, South Korea, and China. At the same time, many emphasized that, while utilizing foreign economic experience is generally important, Russia should have its own path of economic development. The appraisal of the economic situation that has developed in the Far Eastern region was not distinguished by optimism. Forty percent of those polled characterize it as strained, 20 percent consider it a crisis, and 20 percent consider it simply catastrophic.

But what kinds of problems in the development of this region trouble business people most of all? First of all, the absence of a concept for the revival of Maritime Kray and programs for the complex development of all branches. As a consequence of this, there is instability. But also the weakness in the production sector, first of all in the sphere of production of consumer goods, the lack of development practically of all elements of the infrastructure, and others.

The entrepreneurs also turned their attention to the low level of development in the social sphere, and the lack of a concept for its revival. They are troubled by the aggravation of the problem of employment, the weak protection of entrepreneurs, the sharp increase in crime, the emergence of mafia structures, and others.

Today, the Far Eastern region stands at the threshold of a fundamental expansion of ties with other countries. And under these conditions, it is very important to



define the strategy of such cooperation. From 70 to 82 percent of the entrepreneurs expressed dissatisfaction with the state of business relations of the Far Eastern region with other countries of the world, including with neighbors as well.

On the question of which countries it is necessary to develop business cooperation with, 70 percent of the respondents gave a preference to South Korea, 63 percent—to China, 47 percent—to Japan, 30 percent—to the United States, 27 percent—to other countries of Asia and the Pacific Ocean, and 20 percent—to countries of Western Europe. In the opinion of every fifth person, it is necessary to develop relations with all countries to an equal degree.

From the standpoint of the entrepreneurs, the main directions of business cooperation lie first and foremost in the production sphere, in the area of tourism, transport, trade, and agriculture. Preference is given to the creation of joint enterprises, mutual relations along the line of private enterprise, and cooperation in the sphere of education and the training of personnel. Congress attendees took note of the necessity to develop business contacts in the production sphere on the basis of the newest technology and equipment.

A majority of the entrepreneurs (86 percent) noted the importance of attracting foreign investments in the Far Eastern region. They believe that the creation of legal guarantees, the guarantee of political stability, and the introduction of appropriate economic benefits are of paramount importance. A serious obstacle is the practical absence in the region of specific economic programs with a technical-economic basis.

Many business people (70 percent of those polled) believe that the participation of foreign capital in privatization on the territory of the Far Eastern region is advisable. Only every fifth person expressed an opposite point of view.

The practice of creating free economic zones in the Far Eastern region was approved by 70 percent of the congress participants. The development of a system of free economic zones in other regions of Russia is assessed somewhat more critically. Opponents of the free economic zones (20 percent) think that because of them there is in fact a disruption in relations between regions, the unity of the economic space of Russia is wrecked, that freedom is opening up for mafia structures within the bounds of the existing zones, etc.

The congress participants put forth quite a few specific proposals directed at increasing the effectiveness of the functioning free economic zones. In their opinion, local organs of authority must involve themselves more, and with more objectivity, in these questions. One of the problems is the guarantee of genuine freedom for entrepreneurs within the zones. It is necessary to bring the position of the free economic zone into conformity with generally accepted world practice from an organizational-legal standpoint.

The development of economic relations with Japan was given preference by less than half of those who were polled. The reasons for this are quite diverse. It is possible that the presence of the problems of the "northern territories" had an effect. In any case, replying to the question on the correlation of this problem with the state of Russian-Japanese economic relations, every third entrepreneur declared that it seriously complicates the development of business relations with Japan. Almost a half of those polled (46 percent) believe that it influences these relations in an insignificant degree. And only every tenth person does not give the problem of the "northern territories" serious significance.

The position of the entrepreneurs on economic questions could not help but affect their attitude toward the power structures and political figures. Thus, the activity of President B. Yeltsin on the whole is approved by 40 percent of the polled business people; Vice President A. Rutskoy—66 percent, the government of the Russian Federation—10 percent, Ye. Gaydar—10 percent, the Supreme Soviet of the Russian Federation—26 percent, and the chairman of the Supreme Soviet of the Russian Federation—26 percent.

A rather large variation in the assessment by the entrepreneurs of the activity of the power structures and statesmen invites attention. This is one more indication of the imbalance in the structural elements of authority. It is interesting that more than half of the polled assessed the activity of Vice President A. Rutskoy in a positive way. It is likely that many of the entrepreneurs were impressed by the tough statements that periodically come out of his mouth. The entrepreneurs, apparently, were also influenced by the energetic measures that were undertaken recently by the vice president in the development of agriculture, in particular farming. In the end, business people probably took into account the active participation of the vice president in political life and the striving of the political party he heads to find allies in entrepreneurial structures.

The polls spotted a trend in the increased participation of entrepreneurs in the political life of society. An overwhelming majority (86 percent) think that participation in the political life of the country is possible; in addition, 36 percent—active and direct, and 50 percent—indirect participation. Only every tenth person thinks that business should refrain from politics as far as possible.

The dissatisfaction of the entrepreneurs (from the standpoint of the protection of their interests) with the activity of the contemporary political parties gave rise to new parties (movements) of a clearly expressed political character oriented exclusively on business people. For example, parties were created in May of 1992 called the Renewal Union and Economic Freedom Party.

During the conducting of the poll, we proposed that business people define their attitude toward the Economic Freedom Party. Every fourth person approved of

its creation and intends to take part in its activity. However, a majority of the entrepreneurs (56 percent) still had not developed a definite opinion about it. Only six percent of the polled unequivocally do not approve the creation of such a party.

#### Trade Officials' Foreign Investment Recommendations Differ

934A0050A Moscow ROSSIYSKIYE VESTI in Russian  
10 Oct 92 p 3

[Two-part article, by L. Gurevich and S. Glazyev, under rubric "Polemics": "Will Foreign Capital Come to Us?"]

[Text] People in the West are perplexed: It would seem that, in the Russian parliament, passions are once again running high concerning the Law entitled "Foreign Investments in the RSFSR." After all, the agenda of the present session includes a discussion of the amendments to that document. There are few who feel that it does not need any adjustments. The question is what changes should be made. Here are two points of view concerning this problem.

Leonid Gurevich, chairman of the Russian Federation Supreme Soviet's Subcommittee on Foreign-Economic Ties: "I Am in Favor of Benefits for Foreign Businessmen"

Why has the question of making amendments to an already existing law suddenly arisen? Because it was adopted at a time when the Soviet Union existed. Changes have occurred since then. We are living under conditions of a universal increase in prices. Inflation has "devalued" many points in the law that pertained, for example, to enterprises' charter capital.

All of this can be corrected by purely cosmetic measures—the re-examination of financial norms, the changing of certain formulations, etc. However, deeper analysis shows that many statutes are not operating at all. For example, Article 28 promises benefits to the foreign investor if he invests his capital in branches that of priority importance for us. The drawing up of the list of such branches, which reflects the dynamics of the change in the economy, is the Government's prerogative.

For example, my contacts with MBES [Ministry of Foreign Economic Relations] have shown that the ministry has a completely different point of view. In the Government it is felt that we must not offer any special benefits to the foreign investor. The feeling is that he is already enjoying favorable conditions, that is, he is in the same situation as a domestic entrepreneur. It is better, the people at MBES feel, to give Russian businessmen themselves more benefits, since they are weaker than the foreign investors.

That is so, but we should not oppose them to one another. They are in different weight categories. It is just that, unfortunately, we do not have sufficient investments of our own for the fundamental changes in such

branches and the energy-resource ones. Therefore we must do everything to promote the influx of foreign capital. Isn't it simpler to define those branches into which it is more difficult for us to attract that capital? I feel that this is, primarily, the processing of agricultural output. Benefits are necessary here also. But the energy complex and the mining of mineral resources do not need them. Shell, Texaco, Chevron, and other corporations will not go anywhere without asking for certain benefits, but only for a reliable concession that has been reinforced by a stable political climate.

Another article that does not operate is Article 6, which guarantees the foreign investor protection against expropriations, seizures, etc. Actually, this has proven to be only a declaration. Because no one has promised, for example, in Vneshkekonombank [Foreign Economic Bank], to free foreigners' accounts. Nor has there been worked out any mechanism for immediate compensation in the event of nationalization or the confiscation of foreign property on the territory of Russia.

We also intend to introduce new articles that would guarantee the principle of the sacredness of the investment contracts, that is, further lawmaking must not worsen the legal conditions for foreign investors as compared with that which existed as of the moment of the concluding of the contracts. For example, in Ukraine this norm operates for a period of ten years after the registration of enterprises with foreign participation.

In general, a comparative analysis of the investment conditions in individual states in the Commonwealth has shown that, in the struggle for the foreign investor, they have gone farther than we have. I do not want to say that we must compete with our neighbors in the CIS to see who makes the more attractive offer to foreign capital. But we must at least take into consideration the corresponding changes in other states' legislation.

In the course of working on the draft of the amendments, we encountered serious objective difficulties. The main one is that there are two lawmaking flows, including on the part of the President's administration. I want to be understood correctly: objectively, the dual legislative activity is capable of considerably worsening the investment climate in Russia. The foreign investor is law-abiding and does not understand that one law can contradict another. And those alternate interpretations began with the adoption of the well-known Ukase entitled "Liberalization of Foreign-Economic Activity." We must not, on the one hand, invite foreign capital to come to Russia, and, on the other hand, violate the chief principles of entrepreneurship: the obtaining of profit and the free disposal of it.

In my opinion, we must have a precise and clear idea of the consequences that various measures will lead to. I am concerned about the fact that in our lawmaking, as in the process of making economic decisions, it is the political motivations that prevail most frequently. In particular, we have already heard voices being raised, demanding

the adoption of a new Law entitled "Foreign Investments" as a whole: that law, those voices state, must be of a permissive, rather than declarative, nature, and must have direct action.

If the first requirement is executed, foreign investments in the country will worsen greatly. As for the second requirement, actually, the law must not be of an exclusively declarative nature. But even direct action as an instructional guide is dangerous for it: the life of such documents is short. They simply cannot keep up with the change in the economic and political situation.

In addition, those who attempt to re-examine fundamentally the existing investment conditions forget that we are living under conditions of a Federation in which the limits of the competency of the center and of the Federation subjects have, so far, not always been precisely defined. Therefore it is not precluded that the new law will have to be enacted under completely different conditions than the current one. I am afraid that this also will not make Russia more attractive for Western capital.

**Sergey Glazyev, Russia's first deputy minister of foreign economic ties: "I Am Against a Window Display of Benefits and Infringing Upon the Interests of Our Own Entrepreneurs"**

Actually, the statutes in the Law entitled "Foreign Investments in the RSFSR" that grant benefits to enterprises with foreign capital are not operating at the present time. Nevertheless, the decision was recently made to preserve them for those that were registered prior to the effective date of the new tax legislation.

The corresponding articles in the law proved to be ineffective not only because the Government had failed to consider something. To a large extent this is explained by objective reasons. Namely: the benefits for many enterprises and organizations become an end in themselves. We have encountered what a tremendous number of SP [joint enterprises] have created for the use of those benefits. That is, some entrepreneurs actually do not produce anything useful. Instead, they carry out chiefly middleman activities and derive their profits from the privileges that are granted to them by the legislation for expanding production. It is not by accident that, out of several thousand SP, no more than a few hundred are operating effectively, with a material return. Another example is the creation of all kinds of foundations. All that is necessary is to grant some of them certain benefits, and immediately a vast number of other organizations that do not have anything to do with the foundations accumulate under their roof. They have a single goal—to enjoy the benefits for their own enrichment.

I am convinced that the statutes concerning the preferential taxation of foreign investors contribute to the attraction of foreign capital, but they also give rise to a spate of activities to exploit those benefits. It is precisely for this reason that the Government failed to find sufficient arguments for making an exception from the

overall system of taxation for enterprises with foreign capital. World experience indicates that, for foreign investors of capital, what is important is not such much the obtaining of superprofits as a result of exploiting the benefits, as it is the opportunity for stable operation with normal income, provided there is somewhere to invest the money.

Relying upon this international practice of many years, the World Bank officially recommends refusing to make for enterprises with foreign participation either discriminatory or preferential exceptions, other than certain understandable and well-substantiated ones. They can pertain to investments in individual branches or projects upon which, for example, national security depends. In addition, there can be definite limitations for foreign investors in the bank sphere, etc. On the whole, no finalized concept exists so far. Nevertheless these exceptions do work and are being used successfully by many countries.

Any artificial deviations from market conditions can be justified only provided there is clear-cut and understandable economic argumentation. In the situation with benefits, it is lacking. We want to use all kinds of indulgences to lure foreign investors into the profitable branches. But this is senseless, inasmuch as they will go there anyway. If, however, we want to attract them to production entities that are operating at a loss, this is, in and of itself, an absurd desire that is unworthy of legislative attention.

In principle no one is opposed to attracting foreign capital into the high-priority branches. In this instance the benefits can serve as an additional premium for the additional risk involved in investments in certain spheres. But what do the requirements for preferential conditions for foreign investors have to do with this? We definitely have no less a self-interest in assuring that the national entrepreneurs also invest their money in the high-priority branches. Therefore, here too the governmental point of view is completely consistent: there actually is a need to encourage such capital investments, but to do so without infringing upon the national interests. So, if the benefits are offered, they must extend to everyone to an equal degree.

I am sometimes surprised by the great zeal with which the ideas of benefits are being lobbied. Because, in general, everyone realizes that they do not produce any real benefit. Nevertheless many of those who have something to do with the legislation governing foreign investments stubbornly indulge in wishful thinking. They say that, if we declare benefits, this will be a politically significant act that attests to our intentions and that invites everyone to cooperate with Russia. Actually, these are good intentions that will not delude anyone. The investor thinks little about what ideas the legislators had in mind when they were enacting a particular law. He calculates the possible risk, the losses, and the profit norm. The desire to make the country as attractive as



possible for international cooperation is in this instance nothing but window dressing that will not bring anything but damage.

There is something else that is much more important for foreign investors. Currently the Government is developing a plan for insuring foreign investments against political risks. The proposal is to create a special financial fund that would serve as a guarantee for foreign investors in Russia. This is an important action that actually demonstrates the Government's desire to stabilize the status of the enterprises with foreign participation. And this is a real opportunity for attracting foreign investments to our country.

### **South Korean Businessman Offers Lease Plan for Kuril Islands**

934A0067A Moscow TRUD in Russian 13 Oct 92 p 3

[Article by S. Bunin: "And if the Islands Are Leased? Such Is How a Prominent Scholar, Successful Businessman and the Director of the World Institute in South Korea, Khan San Kyn, Proposes to Loosen the Kuril Tangle"]

[Text] Professor Khan is ready to assume the role of an intermediary, using his ties with influential people in both countries. Doctor Khan presented the essence of his idea during his lecture on "Problems of Territorial Settlement in International Relations Specific to the North-East Asian Region." He delivered this lecture recently in Moscow at a symposium at the Far East Institute. The Korean scholar's ideas evoked a response of genuine interest from his Russian colleagues. He presented these ideas to us at a meeting in the TRUD editorial office.

- I think, Mr. Khan began, there simply is no political solution to the territorial dispute at the present time. Questions concerning a postwar settlement between Russia and Japan have troubled me for a long time, and it is in this connection that I would like to offer my services. My proposal entails bringing an end to the problem for a time by transferring the South Kurils to Japan for, let us say, 50 years on terms of a lease concession. The substantial means that Russia would receive from this deal could go toward the development of the Far East region.

If this succeeds, a political solution to the problem will remain as a legacy for future generations. For now, however, it could be resolved in the form of a long term economic agreement and cooperation.

Because this type of deal bears a commercial character, it would in no way succeed without intermediaries. We, as a nongovernment organization, are ready to assume that role in order to help devise a lease mechanism that is based on mutually beneficial terms.

- The idea, of course, is an interesting one, and as far as can be remembered, it was already described at some point by the Russian side as a way to repair economic cooperation

between the two countries in these territories. Has your idea been given a test-run in Japan?

- I am a graduate of the prestigious Japanese university Vaseda. Many of my former classmates are now influential people in Japanese political and business circles. I am also an advisor on economic matters in the Kansai Chapter of the Association of Japanese Entrepreneurs. I have a multitude of contacts at diverse levels in Russia as well. Preliminary probing has shown that if the idea "gets going," it will gain wide support from both sides.

I am convinced that a lease including specific forms of joint enterprise will be the most rational way out of the conflicting situation, particularly in regard to the question of territorial demarcation. Lease terms that do not infringe upon the interests of either side may reduce tensions in relations and have a beneficial effect on stabilizing the situation throughout the entire Asian Pacific region; a dream shared by all countries in the region, including South Korea.

Do you have any assurance that Japan and Russia will accept such an alternative?

- Our task during the initial stage is to help form new social opinion in favor of this idea, and primarily in Japan.

In addition, one must not forget that the present borders between Russia and Japan are bound by the decisions of the Yalta Conference, and a revision of the results of the postwar settlement, and moreover in a unilateral fashion, would simply be inadmissible. Such a revision would be fraught with new, and even greater complexities. Potential territorial claims could then be made by China, FRG, and even the United States, as the latter still maintains unresolved problems concerning border regions with Mexico. Thus, the demands being made by the Japanese concerning a political solution to the problem, could bring about an unpredictable chain reaction in other countries, and lead to the intensification of territorial claims everywhere.

Incidentally, one must not forget that Japan is also making similar territorial demands in regard to the KNR [China] (the Senkaku Islands), and South Korea (the Takasima Islands). Japan does not intend to back down one iota from its position; a fact which reflects negatively in other countries. Let us remember, if only this, how Japan spoke out sharply against the agreement signed by Russia and South Korea concerning commercial fishing in the region of the four South Kuril Islands. This kind of unpardonable interference by Japan in our relations with you has created a very bad impression in South Korea.

- What can one hope to see during the course of the summit meeting between Russia and South Korea?

- In keeping with the general opinion here in our country, I will say that we would like to see an agreement reached during the summit negotiations on visa-free delegation

exchanges. We think that visa-free visits and a significant reduction in customs procedures could be the basis for a sharp expansion in economic ties. The idea is not a new one. Similar negotiations are currently underway between the United States, Canada, and Mexico. Even Europe has come to this. In our case, possibilities of further South Korean investment in your country are greatly increasing.

- Japanese businessmen have insinuated through their unofficial contacts that if Russia, in setting its economic priorities, sets its sights not on Japan, but on South Korea or even the United States, it will hopelessly lag behind in the industry that is most advanced with the greatest future; the industry of complex technologies and semiconductors. However, if there is a genuine desire to make up for lost time, it will be necessary to cooperate with Japanese companies...

- Let the Japanese think that if they like. I think differently, however. Russia will not succeed in reaching its goals if it only maintains ties with Japan and remains isolated from other countries of the region. This is even more true because Tokyo is making conditions, and is not trying particularly hard to help. The same was true with China at one time. The Japanese made a lot of promises, but as soon as political complications arose, aid was immediately suspended.

- In conclusion would you like to say a few words to the paper's readers?

- Russia is a great country. The word itself has always been associated with power, progress, culture, and civilization. I would like very much for South Korea, my people, to become closer to the Russian people, opening the door even wider for business and cooperation between us. I am confident that President Yeltsin's aforementioned visit to Seoul will be a significant step along the way to strengthening relations of genuine friendship and cooperation. Thank you very much for the opportunity to address the readers of the most highly read newspaper in Russia.

#### **Archives Reveal 1945 Sinking of Japanese Refugee Ships**

934C01034 Moscow NEZAVISIMAYA GAZETA  
in Russian 8 Oct 92 p 4

[Article by Vasily Golovnin, Tokyo, Japan: "Death After Capitulation. Three Japanese Ships Carrying Refugees, the Japanese Press Asserts, Were Sunk by Soviet Submarines Already After the End of the War"]

[Text] The routine find in declassified Soviet archives, indicating that already after the capitulation of Tokyo in the Second World War Soviet submarines sank three Japanese ships carrying civilian refugees escaping from Southern Sakhalin, threatens to become still another chronic sore in the relations between Russia and Japan. This news item has been presented here as a sensation

and manifestly supplements the long list of historical grievances of our Far Eastern neighbor: From the violation of the Neutrality Pact in August 1945 and the "illegal occupation of the Northern Territories" to the refusal to implement bilateral agreements ratified by the parliaments of both countries.

Concretely, we are talking about the written answer of the Institute of Military History under the Ministry of Defense of Russia to a letter of the Japanese historian Ikuhiko Hata, who for a long time has been trying to solve the riddle of the attack of the unknown submarines on the steamships carrying Sakhalin refugees after the end of the Second World War. His inquiry was sent to Moscow already during the existence of the USSR, and here, at the beginning of September of this year, a detailed answer arrived unexpectedly in Tokyo: Indeed, on 21-22 August 1945, three Soviet submarines, according to documents that have been preserved, attacked and successfully sank three Japanese carriers in the region of Rumoi on the island of Hokkaido. One of them was destroyed by gun fire, and the other two—by torpedoes. According to Japanese data, as a result of this raid, 1,700 people perished or were missing—in the main, as they especially emphasize here, women, children and old men.

All of them were evacuated from the present port of Korsakov on Southern Sakhalin, from where the Japanese authorities, after receiving the news of the entry of the USSR into the war in the Pacific Ocean, tried to organize the transfer of people to the island of Hokkaido. A total of 220 ships of different caliber were mobilized, on which 77,000 people successfully embarked. Besides this, many panicked before the advancing Russians tried to reach the principal territory of Japan on any makeshift floating devices.

The special baseness of the Soviet attacks on these ships is seen in the fact that they were undertaken already after Tokyo on 15 August had announced its capitulation and the discontinuation of military actions.

Professor Hata himself thinks that the submarines of the USSR Navy that took part in the attacks were deployed near Hokkaido in preparation of the occupation of this Japanese island. Under pressure from the Americans, Stalin cancelled this operation, which had already almost begun, but the transmission of the order to the submarines was delayed, and attacks on Japanese ships continued indiscriminately, whether they were military or civilian.

One can, of course, recall the fact that among specialists, as before, there exist disagreements in the determination of the time of "the end of the war": In Tokyo they point to 15 August as the date of the appearance of the emperor with the announcement of capitulation, but in our country people are inclined to honor 2 September as such—the day of the signing of the act of complete and unconditional capitulation on board the

battleship "Missouri". One can also complain about the ignorance of the Japanese about the fact that their own naval forces, in spite of the neutrality pact, in the course of the Second World War frequently carried out attacks on Soviet ships, which Moscow prior to 1945 "did not notice" in fear of a second front in Asia. But one thing is clear: The present find strengthens still

more the anti-Russian stereotypes among our neighbors in the Far East. However, the Japanese Ministry of Internal Affairs has already announced its unwillingness to react to the archive discovery and its representative has given to understand that an event that occurred more than 40 years ago will hardly do harm to bilateral relations.



## POLITICAL AFFAIRS

**Kravchuk Interviewed by German Journalists**  
*WS1910133492 Kiev ROBITNYCHA HAZETA*  
*in Ukrainian 7 Oct 92 p 1*

[Text] "There will be no full-value Europe without Ukraine," stated the Ukrainian president at the meeting with German journalists held on 2 October. Among the journalists there were representatives of such leading newspapers as BERLINER ZEITUNG, DER STANDARD, BLICK DURCH DIE WIRTSCHAFT, WELT AM SONTAG, FRANKFURTER ALLGEMEINE ZEITUNG, and others; correspondents of Bavarian Radio and East German Radio; and journalists from DER SPIEGEL and DER TAGESSPIEGEL magazines.

Addressing the journalists, the president said: "I am pleased to have the opportunity to meet with so many representatives of respected publications."

"It has been a year since Ukraine became independent. Of course, it is not easy to gain an understanding of all the forces present in your country. Could you please explain to us what is the national character of a modern Ukrainian?" That was the first question to the president.

Answer: Every people has its own character, traditions, culture, and language. Of course, over 70 years under the imperial system, Ukrainians, and not only Ukrainians, were compelled to adjust themselves to the requirements of that time that did not correspond with their national character. The ideological and totalitarian machinery forced them to do so. But no one is able to kill the national character of any nation. At present, when the state-building process is under way, all Ukrainian inhabitants have the possibility to express their national pride, national roots, culture, and language. However, I support the creation of a democratic and civic state rather than a national one. The national state cannot be fully democratic. The democratic state is a civil state. It means that people of all nationalities living in Ukraine are its citizens. That is a crucial principle.

Q: Do you see the future of Ukraine within the CIS or rather the European Community? Is there any threat for Ukraine from the Russian side or some other CIS internal structure, the Interparliamentary Assembly, for instance?

A: Ukraine is a European state. Entirely European. And of course, as a European state, it cannot exist without close links with Europe. This is why its future lies in close connection with European structures. The first steps toward this have already been taken. Ukraine is a member of the European Assembly. I have just returned from Brussels where the question of Ukrainian special-status membership in European commissions was discussed. Ukraine was among the first to embark on this path, which doesn't mean, however, that it is going to leave the CIS. Ukraine is part of the CIS created on the basis of Belovezha and Alma-Ata agreements. If

someone attempts to change the status of the CIS, it will be a problem for Ukraine. The Belovezha agreement is the only one ratified by the Ukrainian legislature. When you change the CIS status, it means that you have to put together a new document and then submit it for ratification. I can see no threat from the Interparliamentary Assembly. First of all, we have to conclude the agreement with Russia. After we sign it, all other contracts—trade, finance, credit, etc.—will be put on a firm legal basis according to the world standards, and all of the issues will be solved through negotiations and discussions eliminating confrontation. That's the Ukrainian standpoint. Q: On your way to independence, you want to introduce your own currency—the hryvnya. On the one hand, we can see public discontentment with it. Some in the West believe that the policy regarding the hryvnya and coupon is suicidal. Is it possible to introduce a new currency without a rapid economic reform?

A: I know there are different points of view on the national currency. Every state introduced its own currency at one time and it was never a catastrophe. If the present Russian ruble had the strength of the Deutschmark, we would never introduce our currency. I believe that a catastrophe may well befall the ruble if some resolute measures are not taken. Besides, we don't have the ruble—Russia doesn't supply the currency to us as they are short of it themselves. The strange thing is, people talk about the ruble zone while there are no rubles available. And the rubles that we have are worthless. People pay 300 rubles for one dollar. I don't think that coupons are the best solution. We introduced them because there was no other way out.

Q: Ukraine used to be famous for being Europe's bread basket. Don't you think the agricultural reform should be reinforced and the land should be sold in private hands?

A: Yes, I support this point—the agricultural reform ought to be implemented as fast as possible. But it can't be sooner than farmers themselves want to carry it out. In other words, it would be dangerous to impose the reform. It should take into consideration the interests of the peasants and our capabilities. We must take away all bureaucratic barriers and conduct the reform first of all at the collective farms where people have shown a total lack of ability to work. But there are strong farms. I have recently visited with the Work Collective Farm in Chernihiv Region. That is a great farm and the people have a high standard of living. When they gathered on the square, I asked them if they wanted to leave the farm. None of them said "no". Yet, there are some farms that can no longer produce anything, and it is their land that should be distributed among farmers.

Q: If you were asked to make a list of wishes to the West, what would be in such a list?

A: First, I would thank the West for recognizing Ukraine as an independent state. Second, I would wish the West to learn about Ukraine not from foreign newspapers, including Russian, but from Ukraine itself. Third, I

would request that the aid, which has already been extended and may be extended in the future, be extended to Ukraine as a separate state and not bound to other states. And the last thing that I would like to address to the European West—there will be no full-value Europe without Ukraine.

Q: What would you wish Germany in particular?

A: It is with Germany that we have the broadest relations. Geography, nature, and history have determined that Ukraine and Germany can be partners and friendly states.

**Chornovil: Closer Relations With Russian Democrats Needed**

93UN0095A St. Petersburg NEVSKOYE VREMYA  
in Russian 22 Sep 92 p 1

[Interview with Vyacheslav Chornovil, cochairman of "Rukh," by Diana Kachalova, correspondent; Kiev, date not given: "We Are Fated To Be Together"]

[Text]

[Kachalova] Every time there are conflict situations between Ukraine and Russia, charges of imperialistic ways are hurled at the Kremlin like a hail of stones.

[Chornovil] The imperialist way of thinking does not disappear so simply. It is also present in the policy of the Russian government. Even Yeltsin has such thoughts from time to time.

[Kachalova] And what about Kravchuk? Or is it only Moscow that suffers from the vestiges of imperialistic thinking?

[Chornovil] It's in your blood. I recall some conversations with Russian democrats—conversations that took place back in the camps. Even they were mistrustful and uneasy about accepting the idea of Ukrainian state sovereignty. Of course, Russian aggression is stuff and nonsense—something with which they frighten us in order to distract attention from the vitally urgent problems. With my hand on my heart, I say the following to you: These days Yeltsin is the sole guarantee of stability and the normal development of our relations.

We must more rapidly seek a common language with the Russian democrats, with the remnants of "Democratic Russia," with Afanasyev's wing, and struggle together against the revival of Russian nationalism, as personified by Zhirinovskiy and "Pamyat."

[Kachalova] And is there really nobody in Ukraine to struggle against?

[Chornovil] In Ukraine's overall political palette, i.e., spectrum, such organizations are very insignificant. In our country a person like Zhirinovskiy would never garner 8 million votes.

[Kachalova] Well now, your country has been free for a year now. Are you happy?

[Chornovil] Strange as it may seem, I now recall with great fondness the thaw of 1985. I used to travel to Moscow several times a month, where I would meet with some of my former camp comrades—rights-defenders from the most diverse republics. It did not matter to us at all who we were—Armenians, Russians, or Ukrainians. We had commonly shared dreams. That was a splendid time. Nowadays all that has been lost.

[Kachalova] Do you mean that, having found independence, you don't know how to knock down the obstacles which you yourselves created?

[Chornovil] I am for the broadest possible relations with Russia. We are extremely dependent upon each other. Therefore, we need to build intelligent, wise relations, without lashing each other.

[Kachalova] Tell me, have your views changed greatly in recent times? The fact is that in Russia "Rukh" and its leaders are associated with extreme nationalism and separatism.

[Chornovil] I was never a nationalist. I have many Russian friends.

[Kachalova] There's an old anecdote that the most inveterate anti-Semite who answers the question as to whether he is an anti-Semite as follows: "I have many Jewish friends."

[Chornovil] I have no complexes at all in my attitude toward Russians. The trouble is that everything that happens in Ukraine is attributed to "Rukh." If some fool blurts out that Ukraine is only for Ukrainians, the information is spread about through all the channels that it was Chornovil who stated that. There are also plenty of such fools among you in Russia. Probably even more because your population is greater.

From its very beginning "Rukh" adopted a course aimed at cooperation among all nationalities living in Ukraine. We even had the following slogan in the presidential election: "We will build a state wherein Russians will live better than they do in Russia, and Jews—better than in Israel."

**Local Government Autonomy Said To Be Endangered**

93UN096A Kiev PRAVDA UKRAINY in Russian  
3 Oct 92 p 1

[Statement by the Chairmen of the Rayon-Level Soviets of Ukrainian People's Deputies and the Organizational Committee "For Conducting an All-Ukrainian Congress of People's Deputies": "They Want To Limit the People's Power"]

[Text] No more than a year has elapsed since the time when the Act of Ukrainian Independence was proclaimed. Today all possibilities are open for the Ukrainian people to build a state based on the rule of law and a society based on social justice. The adoption of a new Ukrainian Constitution will be an Act of historical importance for the Ukrainian people and for the entire world community.

We, the chairmen of the rayon-level Soviets of People's Deputies, while studying at the Center for Upgrading Personnel Skills at the Institute for State Administration and Self-Government under the Ukrainian Cabinet of Ministers, became fundamentally acquainted with and discussed the new draft Constitution. After comparing our points of view, we came to the commonly shared conclusion that a number of its provisions do not reflect or represent the people's interests and are essentially undemocratic in their nature.

In the first place, the authors of the draft Constitution had departed on many matters from the provisions of the "Declaration on Ukrainian State Sovereignty," where the following is said: "The Declaration shall be the foundation of the new Constitution and laws of Ukraine...." Therefore, we consider that the draft of the new Constitution must be brought into accordance with the Declaration, which was adopted by an absolute majority of the deputies of the Supreme Soviet and supported by the Ukrainian people at the time of the 1 December 1992 referendum. The following question arises: By what right have the authors of the draft ignored the will of the people?

In the second place, a line limiting or restricting the full power of the people is to be traced in the draft Constitution.

The local Soviets, which have most fully introduced the idea of the people's power, have been excluded from the system of state power in this draft. Their functions have been limited to local self-government. Their decisions may be stayed or suspended by the chairman of the oblast-level state board (p 231 of the draft). Moreover, the board monitors and coordinates the activities of the Soviets; and this attests to the supremacy of the executive branch over the representative organs, which have been elected by the people.

Thus, the draft Constitution removes or eliminates the Ukrainian people from governing the state whose independence they chose, and hands this right over to the state-nomenklatura authorities as personified by the president's executive structure. This completely contradicts the section entitled "People's Power" in the "Declaration on Ukrainian State Sovereignty."

In the third place, the draft Constitution eliminates de facto the existing special guarantees for human beings.

Concerned for the destiny of the Ukrainian people, we consider it our duty not to allow any sort of limitation to be placed on their self-determination and rights, as already guaranteed by the Constitution presently in effect.

Proceeding on this basis, on 15 September 1992 at meetings held by the chairmen of rayon-level Soviets from all Ukrainian oblasts and from the Crimean Republic we created an organizational committee for the purpose of conducting an All-Ukrainian Congress of Soviets.

When adopting a Ukrainian Constitution, we do not have the right to make mistakes. For whatever this Constitution will be, that is also the way the state will be, that is the way our lives and the lives of our children and grandchildren will be. Therefore, the following question is extremely important: Just who should adopt the new Constitution?

We consider that it is precisely the Ukrainian Supreme Soviet in its present convocation—the one which adopted the Declaration on Ukrainian State Sovereignty and proclaimed the Act of Ukrainian State Sovereignty—which has proved its own worthiness to exercise its high powers of office and its capacity to create a truly people's Constitution. The fundamental provisions and statutes of the Ukrainian Constitution should be brought up for a nationwide referendum with alternative variants of the articles therein.

Prior to examining and considering the draft Constitution in its first reading at a session of the Ukrainian Supreme Soviet, we deem it necessary to conduct—in December 1992 or in January 1993—an All-Ukrainian Congress of Soviets, at which the following matters would be examined and decided:

1. The role and place of the Soviets in building a democratic state, to be based on the rule of law.
2. The draft Ukrainian Constitution.
3. The social protection of the population and measures to extricate Ukraine from the economic crisis.

We are profoundly convinced that this would enable the Ukrainian Supreme Soviet to more fully utilize the people's collective intelligence at the time of adopting the Constitution.

We hereby request the Ukrainian Supreme Soviet, its Presidium, Supreme Soviet Chairman I. Plyushch, and President L.M. Kravchuk to assist in preparing and conducting a Congress of Soviets of People's Deputies and to take part in the work to be done by these deputies.



**Program Director Discusses Ukrainian TV Reform**

93UN0075A Kiev NEZAVISIMOST in Russian  
3 Oct 92 pp 4-5

[Interview with Z. Kulik, director general for programming of Ukrainian Television by I. Ivanitskiy; place and date not given: "Watch Ukrainian Television After the Rain on Thursday, 15 October"]

[Text] Mr. Zenek, as he is known to emigre intelligentsia, became famous in one day—after an interview with the then president of what was at that time USSR, M. Gorbachev. The broadcast lasted exactly one hour 45 minutes, but as it ended the journalist spent another two hours telling his colleagues who came running, how it went. Why was it that inundated with indignant viewer letters, vitriolic questions, and all kinds of complaints against the "drowning" domestic television system, we turned specifically to Zinoviy Kulik? Not only because, progressing through all the creative stages in television over a quarter century—from an assistant producer to a political observer, a month ago he became director general for programming of Ukrainian Television. Something else is what is important. The first thing this man did on assuming his new post was to declare, for everyone to hear: a reform of the Ukrainian Television starts in the middle of October... What can the television viewers, who are far from spoiled by the programming they see, expect from it?

[Ivanitskiy] I will begin with a quote. A Kiev resident, A. Krivchik, writes: "Ukrainian television does not comprehend the concept of broadcasting. There is a preconceived program of stupefaction designed to turn us into meek followers of the powers that be. If we saw nothing but Ukrainian Television we would have become a nation of singers and dancers long ago. Everything is scripted, there are no commentaries or evaluations. God help us if there should be some kind of criticism directed at the management. A clear-cut pattern—first something about the main figures such as the premier who may have visited the grain growers, then something about "the weather"...

That is the letter. I assure you that no one at NEZAVISIMOST has written more critical pieces on Ukrainian Television than myself. Still, I personally feel hurt most of all about this matter of "singing and dancing." Ukraine clearly has a treasure just as rich as the legendary treasure of Hetman Polubotok—according to various sources we have from 300,000 to 600,000 folk songs. Here, without any irony, we can speak of ourselves if not as the most musical nation, then as one of the most musical nations. It is another matter that the senseless presentation of folkloric topics for viewing in our not quite well fed times produces a completely opposite effect—the desire to turn off the television set. But if such material is treated with love, then everything falls into place. Is there a single Indian screen melodrama without Indian songs and dancing? At the same time no one would even think of accusing India of "excessive ethnicity" when there are so many problems within the country.

[Kulik] I agree with the fact that at present Ukrainian Television tends to program too many songs and dances. That is not because life is so good. Today Ukraine and Mongolia remain the last countries in the world where TV exists on the basis of locally produced television fare and screening of rented motion pictures. In the rest of the world the amount of so-called programmed production far exceeds the amount of available air time. Consequently there is fierce competition and choice.

[Ivanitskiy] Excuse me, Zinoviy Vladimirovich, but your appointment as director general for programming for Ukrainian Television assumes that you were able to offer the necessary concept. Is that so?

[Kulik] Yes. Finally we have come to grips with it. Schematically it will appear as follows.

Taking into account the fact that quite a few Russians live in Ukraine along with many of those who speak Russian, we need one "Russian-language" channel. It is necessary to reach agreement with Moscow about merging the best programs of "Ostankino" and Television of Russia on one channel. A form of television barter is possible—we give them our programs and they give us theirs since there are quite a few Ukrainians in Russia as well.

Ukrainian Television must operate three channels. UT-1 acquires the status of a state channel. It will be financed 100 percent out of the budget and consequently will start reflecting the policy of the president and his team, the Supreme Council, and the Cabinet of Ministers. Naturally no one will permit attacks on the president or the government on that channel. Otherwise what kind of a government company would it be? Can you imagine the NARODNA GAZETA pouring dirt on its publisher—Rukh? In other words, whoever pays... That is the way it is in the entire world, all countries have their state channel. The U.S.A. is no exception—it has USIA-TV.

UT-2 must become an information and entertainment channel with a humanitarian tilt. It is already being created on the basis of the "Ukrtefilm" Studio. A certain level of dissent is possible here even if only because it would be desirable to make it partly a joint-stock company.

Finally, UT-3, a channel with the working name of "Window on the World." We are very hopeful that interest in it will be shown by domestic and foreign commercial structures, banks, and all kinds of firms with the aid of which it will be possible to put this channel on its feet faster.

This is the scheme. I think that from the middle of October it will be possible to talk about the fact that reforms have started at Ukrainian Television. Initial experiments have already been conducted on the air on 26 September. It remains to reinforce them legally. Therefore we are hoping very much that the Supreme Council will finally pass the law on the press and other forms of mass media.

[Ivanitskiy] It is a risky step—without enough material for the currently operating two channels, to aim for a third one. In any case, however, I think that our readers

will find the publicized concept of Ukrainian Television interesting. We shall not argue about how competitive an "official" channel paid for out of the taxpayer's pocket will be or who will watch it. Better let us talk about, for instance, what position in the renovated TV system will be occupied by the favorite studio of Kiev residents called "Tet-a-Tet."

[Kulik] I welcome any alternative TV. But only on one condition—if it functions in a professionally legal manner. Otherwise it is impossible to call what many newborn studios are engrossed with anything but video piracy. After all if so-called household video cassettes of low technical quality, which are intended for family viewing are acquired abroad by any means and screened as they are in our case covering a rather extensive audience, the makers of such video productions have a completely justifiable question—on what basis and in accordance with what right? All this for now, but sooner or later this may lead to a major international scandal. Let us recall how not too long ago some well-known foreign guests did not attend the Moscow Film Festival as a sign of protest against the piracy of Soviet rental business which uses their films free of charge.

As far as "Tet-a-Tet" itself is concerned we have an agreement with that studio: if they supply us with properly licensed films with a normal (and not an underground and illiterate) translation—we will be friends.

[Ivanitskiy] Tatyana Iglina of Melitopol states: "What is it like, Ukrainian Television? Like nothing! This phenomena is below all criticism. What news is it possible to hear on UTN [Ukrainian Television News]. One gets the impression of climbing on a time machine and going back 10 years. The programs are of a very poor quality. What should TV be doing? It must inform and entertain. "Ostankino" has recently been carrying out that task. It is possible to speak of their tendentiousness but their vitality and pertinence cannot be ignored."

[Kulik] TV that is essentially free cannot be high in quality. Our last technical refurbishing took place in 1980, in connection with the Moscow Olympic Games. Practically nothing has changed since then in our case. But not so in the rest of the world. Comparing "Ostankino" with Ukrainian Television today is like having a race between two runners, one of whom is wearing "Adidas" footwear while the other one is in a sack. Which one will finish first?

What kind of expansion in news coverage is it possible to dream of if in one year of independence Ukrainian Television developed to the point of having one correspondent of its own abroad—and then—only in Moscow.

I will not argue that there are problems with commentators. Some have become familiar, others have not found themselves, and the creative potential of still others is yet

to be discovered. But I feel confident about the following: since we are talking about "Europeanization" of Ukrainian Television, an urgent change is needed not in people but the system.

I feel that it is impossible to avoid the topic of "Down with Okhmakevich" and want to describe my position. You see, I do not believe that the political forces calling for the resignation of the chief of Ukrainian Television are concerned about the quality of programming of Ukrainian Television. This concerns them least of all. They understand very well, however, that television today is the most powerful propaganda tool for their ideas. They need microphones and the air, that is all. Contemporary TV, however, is a highly complex technological line in which even the specialist finds it difficult to find his way. Some names have already been mentioned to replace Mr. Okhmakevich. Alas, not one of them has any connection with TV. We already had an incompetent chairman of Goskino [Goskino Central State Photography and Motion Picture Establishment] who was later transferred to a ministerial post, preserving him in the nomenklatura deck. Why repeat old mistakes? It is time to realize that this is a time for professionals.

A problem, however, does exist and it must be resolved. I am proposing a solution—creation of a programming-administrative council, let us say, with the State Duma, which would include representatives of all the parties. Let them work it out among themselves in what order and exactly when they are to get air time. A decision of such a council would be the norm for us. Such "supervisory councils" exist throughout the world. But one should not believe that things would get better in the world with the departure of the chief of Ukrainian Television—that is an illusion.

[Ivanitskiy] By the way, I would like to ask how the recent visit of Okhmakevich to Paris turned out. The topic "foreigners will help us" is so important, for instance, that the talk with USIA chief at Ukrainian Television is currently taking place as follows: first question is about impressions, and the second one—how can you help us?

[Kulik] Mr. Okhmakevich had a fairly good trip to Paris. It is sufficient to say that he was accepted into the administrative council of the European Broadcasting Union. This gives us a number of advantages. Even if just a cheaper rebroadcasting of their football matches with which we have been having so much trouble. Let us say the Kiev "Dinamo" football club sold broadcast rights to "Eurosport." But the so-called Eurosignal that goes on the air is produced not by the sports team leader but by our television company...

As far as the other foreign television organizations are concerned, ties must be established with them since we will be unable to get up on our feet alone.

I will say it once again—it is necessary to change the system. That would be faster and more effective. It is

possible to change the people too but that would take years. We have already found some excellent journalists in the oblast centers and are ready to hire them tomorrow. Immediately there is the question of where to get the millions that are needed to purchase apartments for them.

[Ivanitskiy] Viewers are concerned not only with the poor technical quality of Ukrainian Television and tongue-tied commentators totally lacking any knowledge of the Ukrainian language. M. Lyalko of Nikolayev, states: "Ukrainian Television sleeps long hours. The work day begins at eight o'clock after the people have already gotten the information they need from a neighboring country. Ukrainian Television must work for Ukraine from six in the morning until midnight."

[Kulik] I agree. Unfortunately "Ostankino" and Television of Russia broadcast twice as long as Ukrainian Television at the present time. So you can calculate. The operational regime of Ukrainian Television, however, will be expanded with the introduction of equipment and studio complex at Syrets. We are very hopeful that the first part of the complex will go into operation as early as the first six months of 1993. Syrets will begin operating at full power by the end of 1995. We have waited for so long, a little longer won't hurt.

[Ivanitskiy] I would like to ask what you think of the opinion of Yegor Yakovlev that after the evening news on "Ostankino" there should be no politics.

[Kulik] As a personal opinion of Mr. Yakovlev, nothing more. The politization of Ukrainian Television, and particularly UT-1 is programed by the course of events in Ukraine. In any case this phenomena will continue until the end of parliamentary elections. We have our own view of reality, which boils down to the fact that all Ukrainian Television channels should mutually supplement each other in order (ideally) for each viewer to be able to see at any time whatever best suits his mood and spirit.

[Ivanitskiy] Apparently this will not take place soon. There are still things that could be changed now and without any special expenditures. For example, a viewer from Neteshin in Khmelnytskyi Oblast writes: "There are times when I want to smash the television set. That is when instead of the scheduled program something else is shown. I think that even if there is a flood a scheduled program cannot be cancelled. How is it possible to build a law-governed state when its television does not keep its word? This concerns talks and appearances by its leaders. How could you not be ashamed before the whole world for such TV?"

[Kulik] I dream of the time when Ukrainian Television programming will become stable. Until then—alas. In 90 percent of the cases the schedules are disrupted and changes are made in programming on instructions of management, and no amount of reasoning works. In developed countries, however, any change in the

schedule is an extraordinary event which is brought about either by an earthquake or an attempt on the life of the head of state.

I hope very much that with the adoption of the law on the press this disgraceful outrage will be brought to an end. Even now we could inform viewers about programming changes in advance if the appropriate press services would work faster.

[Ivanitskiy] The question, after all, also consists of what methods to use in implementing an idea and whether they justify the goal. By the way this topic is raised by Grigoriy Kislenco from Korozhich in Kharkov Oblast. He writes: "News are news, but I switch on the TV not just for the news. Entertain, inform, and educate me. The word "moral" appears several times in the new draft of the constitution of Ukraine. Let us say that I do not know what is "moral" and what is "amoral." Formerly there was the moral code of the builder of communism. But now?"

[Kulik] That is a very complicated question. The concept of "morality" is not the same everywhere in the world. The common element is that only that which does not harm the freedom of man is believed universally to be moral.

[Ivanitskiy] Continuing the theme of "teledeputies" I read here the opinion of a 20-year old Kiev resident Lena: "It is necessary to get away from the broadcasting of sessions of the Supreme Council completely, radio coverage is sufficient, where, at least, it is not necessary to look at bored deputies." Further: "Well-known films should not be dubbed into Russian and would it not be better to create our own new interesting and beautiful films?"

[Kulik] No one is dubbing any. The only exception was in the case of children's cartoons. Do you know why? Because our film library contains only 18 Ukrainian cartoons. Another 48 were dubbed with our own efforts, while in one year we need at least 700. Here is your correlation between Ukrainian and Russian languages on Ukrainian Television. That is the entire extent of "nationalism" which some viewers like so much to write about.

[Ivanitskiy] Ethnic color on Ukrainian Television, by the way has not only its opponents but supporters as well. "How can it be that Ukraine is incapable of creating a television film, using its own material, similar to Mexican television series called 'The Rich Also Cry'?" Asks A. Sibil from Ordzhonikidze in Dneprov Oblast.

[Kulik] I think there is no need to create something that is called "jam" in the language of cinematographers. There is certainly enough of such series in the world and they must occupy their proper place on Ukrainian Television. Let us imagine for a minute that this series would be aired in Ukraine in the Ukrainian language. I feel



confident that no others propagandizing Ukrainian language in broadcasting, taken together, would succeed in that as much as that would be possible for dubbed Veronica Castro.

[Ivanitskiy] I would like to end our discussion with an opinion held by Tamara Radchenko from Lugansk. She insists that even "if every reader of NEZAVISIMOST wrote about the shortcomings of Ukrainian Television—it would still continue to ignore us, its viewers."

[Kulik] We will never be able to create a broadcast that would satisfy everyone because there are as many opinions as there are people. Ukrainian Television receives 600,000 letters each year. We shall not be having any fewer shortcomings just because we will be constantly told about them. Your NEZAVISIMOST has a good section called "Saving a Drowning Man" (it is just a pity that the dots after the last word disappeared). Let us continue the saying—"Saving a drowning man is in the hands of the one who is drowning." No, we certainly are not indifferent to viewer opinion, we are constantly studying it, but in the end nothing else will reform Ukrainian Television except it, neither the state, nor the diaspora, nor the viewers.

P.S. When this discussion was going to press the newspaper KIYEVSKYE NOVOSTI printed the next installment of the memoirs of V. Oleynik. These reminiscences about Kremlin life contain the following: "...on that Saturday in December a Ukrainian television correspondent interviewed you (Ukrainians saw and heard it). But I was interested by one remark you made following the chat, "behind the scenes." Saying good-bye and giving the interviewer a friendly pat on the back, you sarcastically remarked: "You can be pleased, you fulfilled the tasks assigned to you by those who sent you."

All the flummoxed correspondent managed to do was lift his hands in dismay.

Waiting for the unfortunate man to regain his composure after the shock, you then told him to his face: "Tell the one who sent you that if he covets Foros, I will seize it along with Crimea!"

It was only later that the correspondent (and I hope you and I as well) understood that 'tell the one who sent you' was, of course, a reference to Kravchuk. Soon the remark 'along with Crimea' produced an echo which is still being heard over the peninsula, amplified many times by RDK [Republican Crimean Movement] megaphones."

The reader has probably guessed who that was—Gorbachev and Kulik. I could not refrain from asking whether that was the way it actually happened. Z. Kulik confirmed this incident, adding that how he interviewed Gorbachev is a topic for a separate conversation.

## ECONOMIC AFFAIRS

### Solidarity Union Proposes Small Enterprise Law

93UN0098A Kiev GOLOS UKRAINY in Russian  
6 Oct 92 p 6

[Small enterprise law proposal of Solidarity Union: "Small but Able"]

[Text] With the beginning of perestroika the first free trade unions of cooperative enterprises made their appearance in Donetsk Oblast. Today it has one of the largest oblast "Solidarity" trade union organization of entrepreneurs in Ukraine. In April of this year local oblast and regional trade union organizations of this trade union created the Federation of "Solidarity" Trade Unions of Ukraine.

This trade union has already raised important and vital questions concerning the interests of workers engaged in the entrepreneurial sector of the economy repeatedly before the president, the Supreme Council, the Cabinet of Ministers, and local authorities. The authority of the trade union is growing. It was not by accident that the State Committee for the Promotion of Small Enterprises and Entrepreneurship approached "Solidarity" with a request to prepare a draft law on small enterprises for the purpose of submitting it to the Supreme Council of Ukraine for discussion.

Progress in work being done on the draft law is described to our correspondent by Yuriy Pivovarov, chairman of the Federation of "Solidarity" Trade Unions of Ukraine.

The need to adopt a law on small enterprises is obvious. The point is that the experience of various countries with a developed market economy indicates the big role that is played by so-called small business in the saturation of the market with goods. In the U.S.A., for example, out of more than 18 million enterprises some 99 percent fall into the category of small businesses. They account for 40 percent of the gross national product. In our case, however, entrepreneurship, particularly on a small scale, was prohibited. At present it is permitted, but is everything normal in this area? For instance, in Donetsk Oblast around 4,000 small enterprises were registered in 1991. By the end of the year, however, statistical services had information on the activity of only 607 of them. What is the reason for such a high failure rate among small enterprises? It is possible to contend that their development is inhibited by the lack of a law on small enterprises. This, however, stems from a lack of understanding of the fact that the small business, with its commercial efficiency and an ability to adapt swiftly to consumer demands, is a decisive factor in any real transition to a market economy. Inasmuch as there is no law supporting small enterprises, they are experiencing great difficulties due to an excessive tax burden, difficulties in obtaining credit, and a lack of material resources. That is why "Solidarity" attorneys together with scientists and practical entrepreneurs undertook the elaboration of a draft law of Ukraine "On small enterprises,"

taking into account the experience gained in appropriate legislative activity in the West, and pertinent material available in other CIS countries, including Russia.

This document encompasses the entire complex of questions concerning the creation, functioning, and state support for small business. The predominant form of ownership among operating small enterprises is state ownership, which from our viewpoint practically excludes their real participation in competition and does not stimulate an improvement in production efficiency because when large state enterprises, as the founders, sprout small enterprises—that is just a method of obtaining tax benefits and avoiding demonopolization. That is why the law we worked out is founded on the concept that it is necessary not to categorize as small all enterprises by their form of ownership which meet certain criteria with regard to the value of assets and number of workers, but only those which are operating on the basis of nongovernmental ownership.

The draft law clearly stipulates the place of governmental organs in the activity of small enterprises. First of all the state must avoid intervening in the activity of nongovernmental enterprises and organizations, while with respect to the owner of a small enterprise the draft provides for no such limitation. This means that losses of a small enterprise resulting from outside intervention in its activity are reimbursable only when they become the consequence of intervention by someone other than the owner.

Participation of the state as part owner in the charter fund of a small enterprise is envisioned but only up to 25 percent. An increase is possible only in leased enterprises with the right of subsequent buy out of working and fixed capital by the collective of lessees and for enterprises privatized by a society of buyers, with postponement of the final payment.

Management of the small enterprise is also being planned. Wherever the owner acts as manager, he controls his enterprise. Wherever he utilizes hired labor, that labor collective creates enterprise administrative organs.

In connection with this the framework for primary trade union organizations was created. The law on small enterprises is not the best vehicle for the legal regulation of trade unions, but inasmuch as the law on trade unions has not yet been adopted in Ukraine, our draft incorporates principles pertaining to their participation in the activity of the small enterprise.

We understand that small business and any other kind of entrepreneurial activity during the period involving establishment of market relations are impossible without state support. Therefore we reflected this problem in the draft law.

Thus among the measures for state support it is planned to include creation of various types of investment funds, including state funds, with ready access for small enterprises to these funds, credits on favorable terms from

banks, with considerable benefits for such banks to be granted by the National Bank of Ukraine, the right to an accelerated amortization of fixed capital for small enterprises, financial benefits for small enterprises renovating production, and a number of others.

The draft law is tens of pages long, therefore it cannot be discussed in full. Still it is necessary to say a few words about the significance of the law "On small enterprises" in that version of it which is being proposed by the "Solidarity" Trade Union. The law will promote a significant acceleration in the development of entrepreneurship and on that basis, saturation of the market with goods.

In conclusion I would like to address the chairmen of local trade unions, heads of cooperative, small, joint-venture, leased, and other enterprises in the nongovernmental sector, already belonging and those not yet members of the "Solidarity" Trade Union to wish them a more active business collaboration. Only together will we be able to work out and achieve the adoption of those proposals by the president, Supreme Soviet, Cabinet of Ministers and other power structures, which would provide legislative support for entrepreneurship in Ukraine, allowing it to survive in the currently tumultuous market.

Address of the Federation of "Solidarity" Trade Unions of Ukraine: 340000, Donetsk, Artema St., 74, Rooms 315-320. Telephones: 93-13-03, 90-12-13, 90-36-95.

#### Statistics Official on Entrepreneurship

93UN0039A Kiev DEMOKRATYCHNA UKRAYINA  
in Ukrainian 19 Sep 92 p 3

[Article by O. Zhuk, deputy minister of statistics of Ukraine, under the rubric "In the Mirror of Facts and Figures": "Do You Know How Many Entrepreneurs There Are in Ukraine?"]

[Text] Yesterday there were only a few here and there, but tomorrow there will be millions of them. In Ukraine 72,000 small enterprises are registered. Over 500,000 people work at them. In the first six months of the year they produced output and rendered services worth 62.5 million rubles. We have already commercialized 7,292 enterprises of trade and public catering. Firms of 56 countries of the world are participating in 416 joint ventures. Each of the 10,000 private farms has 20 hectares of land on the average.

Until quite recently the concepts of "entrepreneur" and "enterprise" were foreign to us. They were concepts that could have no relation to our system of management. Now the situation is changing: Many people are testing their strength and opportunities in the field of free enterprise. And this is natural inasmuch as free enterprise is the basis of a market economy, which Ukraine wishes to introduce. The Law of Ukraine "On Free Enterprise" adopted in February 1991 gives everyone many real possibilities for starting up their own business.

Under these conditions, perhaps, it is advisable to analyze the state of this effort and the opportunities for its expansion in Ukraine and to examine the link between free enterprise and state administration.

The term "entrepreneur" has come to us from the 18th century. Then an entrepreneur was considered to be a person who takes upon himself the risk connected with the organization of a new business or a new enterprise or the design of a new product or a new type of service for the population.

It should be especially emphasized that in the aforementioned definition free enterprise is connected with risk. In other words with the possibility of failure. Today this facet not only preserves its significance in full but is even stronger. Because competition among entrepreneurs grows, and the bringing of new ideas to the market requires increasingly greater expenditures. This has also found its reflection in the legal acts that regulate free enterprise. In the Law of Ukraine "On Free Enterprise" (Article 1), it is defined as an independent, initiative-driven, systematic activity with private risk for the production of output and the performance of work, services, and trade for purposes of receiving profits.

Often entrepreneurs in our country are called businessmen. These notions are close, although they are not identical. Free enterprise is a form of business that is private although very extended as well. Business is any economic activity that offers income or other gain. Free enterprise is a business connected with the production of commodities or the rendering of services created by enterprises.

The forms of free enterprise are varied. However, in the majority of countries the following forms exist: Individual proprietorships (family and private), partnerships, and corporations.

Many people to one degree or another are disposed toward free enterprise and an independent and responsible search for their own path in economic activity. Most often in this process people are guided by entirely understandable material interests and the desire to receive income which would provide for their living standard: Sufficient food, decent clothing, housing, vacation conditions, etc. However, material interests are not the only stimulus for free enterprise. Talented people are also attracted by the creative search for nontraditional decisions.

In short, the spectrum of inducements which lie at the base of entrepreneurial activities are quite varied. And does there exist a connection between the interests of the enterprise and the state?

These days one may answer in the affirmative to these questions. After all, each entrepreneur finds his own place on the market or creates a new market with the output he creates.

In Ukraine there presently exist enterprises, leased enterprises, private farms, and joint ventures.

The statistics testify to the following: At the beginning of the second six months of 1992, close to 72,000 small enterprises were registered in the republic. Of these, 35,400 were already specifically engaged in entrepreneurial activity compared to 26,400 in the first quarter of this year.

As previously, the largest number of small enterprises exist in industry—8,400 (24 percent), construction—7,400 (21 percent), science and provision of scientific services—4,100 (12 percent), and trade—3,100 (9 percent).

It is interesting to compare small enterprises according to forms of ownership. Of the existing small enterprises, 7,852 are based on the state form of ownership. Another 11,214 are on the collective form, of which 473 are leased, 203 are joint-stock companies, and 581 are public associations. On the individual form are 14,676, of which 14,464 are private. And 1,628 are mixed.

Over the first six months the number of small enterprises engaged in intermediary activities increased from 1,600 at the beginning of the year to 3,500 on 1 July.

The number of workers at small enterprises increased over the first half by a factor of 1.7 and reached 534,600 people. One-third of them are employed at enterprises with a state form of ownership, one-third—a collective form, and one-third—an individual form.

It is very important that, increasing their number and enlarging their production capacity, during the first six months small enterprises produced output and sold services worth 62.5 billion rubles [R]. But only one-fifth of them were sold directly to the population.

If one compares the indicators according to separate sectors, the picture is very diverse. Small enterprises in the sphere of provision of consumer services rendered a significant portion of their output (services)—almost 64 percent—directly to the population. But in trade and public catering this indicator is 37 percent, and in industry—20 percent.

At the same time small enterprises in the sector of transportation concern themselves very little, for various reasons, with replenishing the consumer market with commodities and services. They sold only 3.1 percent of their output directly to the population. Construction organizations, which performed work worth R12.1 billion during the first six months, constructed housing and other structures for the population worth only R380 billion. This is only three percent.

The volume of sale of output, work, and services calculated per one worker of a small enterprise across the first six months was, in general, R116,800. This indicator was much higher at enterprises of intermediary activities—353,000, and in trade—203,000.



Commercialization is being conducted in trade and public catering. As of 1 September, 7,292 enterprises were independent. Among them were 4,832 stores, 1,167 dining halls, 844 cafes, 187 restaurants, 11 industrial kitchens, four drug stores, 190 kiosks for sale of newspapers and journals, etc.

As of this date the greatest number of registered enterprises were those that had separated off from established organizations: 1,241 in Lvov Oblast, 981 in Dnepropetrovsk Oblast, 536 in Cherkassy Oblast, 500 in Donetsk Oblast, 341 in Ivano-Frankovsk Oblast, 259 in Kharkov Oblast, and 226 in Kherson Oblast. They are lagging behind in the performance of this work in the Republic of Crimea and Kirovograd, Poltava, and Chernovtsy Oblasts.

In Ukraine 416 joint ventures have been created. Of these, 349 are already producing output. The others are being prepared for production activities. Among the existing joint ventures, 93 are located in Kiev, 43 in Odessa, 35 in Lvov, 32 in Donetsk, 21 in Dnepropetrovsk, and 17 in Kharkov. The firms of 56 countries take part in joint ventures. During the first six months these enterprises exported output worth 3.1 billion foreign exchange rubles.

In agriculture the private farm has become the new form of the farm. At the end of the first half of the year they numbered almost 10,000. The greatest quantity of them were registered in the following oblasts: Nikolayev—1,329, Odessa—1,088, Dnepropetrovsk—743, and Donetsk—730. There are 164,000 hectares of land used for private farming, of which 159,500 are agricultural land. On the average each farm has almost 20 hectares of land, of which 16 hectares are crop land.

According to statistical estimates, during the coming three to five years there will be created in Ukraine hundreds of thousands of small enterprises and private farms, thousands of private stores, and a significant number of joint ventures.

This will offer an opportunity to substantially increase the amount of output and have a significant effect on the process of replenishing the market with commodities.

#### **Deputies Discuss Enterprise Privatization**

93UN0039B Kiev DEMOKRATYCHNA UKRAYINA  
in Ukrainian 19 Sep 92 p 1

[Article by parliamentary correspondent I. Dmytrenko under the rubric "From the Microphones and From the Lathes": "What Kind of a Face Does Privatization Have?"]

[Text] The second working day of the sixth session was marked by a discussion of a number of vitally important issues. Among them was "On a List of Enterprises (Objects) Proposed for Privatization in 1992." And immediately there was a clash of positions. Naturally! The attitudes are too different with regard to the very

fact of the coming privatization and the possible consequences connected with it. In addition, for some the very concept of "privatization" sounds like a pretty song while for others it seems to be a desperate warning cry....

V. Vasylyev, acting chairman of the board of the State Property Fund, gave a short report on the issue. He said that the main principles by which the list was formed were: Sectoral priorities established by the state program of privatization; consideration of the applications of the appropriate enterprises; and consideration of the proposals of ministries and agencies concerning the readiness of individual enterprises for privatization in the current year.

The largest number of objects of privatization established by the proposed list were in trade and public catering—149 objects, the food industry—105, automotive transport—133 objects, light industry—84, the construction materials industry—49, and agriculture—81 objects. All together they make up about 10 percent of the total quantity of property proposed for privatization. The list of objects subject to destatization will be published monthly in a state information bulletin.

Privatization is an issue that affects literally each of us. What does it mean for the people, what form will it take, and what will its practical results be?

In his accompanying report V. Pylypchuk, chairman of the Commission on Questions of Economic Reform, highlighted the main provisions. He appealed for the proposed list to be approved so that "the process may begin." But according to which principle should privatization be performed: Sectoral or territorial? Both have genuine shortcomings. Thus if we privatize automotive transportation, for example, according to the sectoral principle without having transformed the sphere of services in the process, there will not be any market environment. If we take the territorial line, this too does not create equal conditions, as has happened with an increase in wages. In a word, partial privatization does not resolve fully resolve the problems. Nonetheless, it is necessary to begin, reported V. Pylypchuk.

Concerning privatization certificates. In accordance with the accepted methodology of destatization, labor collectives have first-priority right to privatization. But what remains for those who do not work at enterprises that are being privatized? From this one gets discrimination against large masses of the population. As a result, the methodology requires significant reworking.

The speech by People's Deputy S. Dorohuntsov was emotional and at times convincing. I would like, he said, to ask our members of the parliament: In what fashion will the proposed (in part) privatization affect the state of the Ukrainian economy? I am convinced that it will unavoidably lead to a further deepening of the economic and social crisis and, as a result, will contribute to a further impoverishment of the masses of people. Let us be candid: If today the people have anything at all, with the introduction of this partial privatization the main

mass of the people will be left naked and barefoot. It is quite clear that privatization will not produce a positive influence toward halting the crisis phenomena.

They are lulling us to sleep with promises. They said that privatization will bring prosperity, although with certain losses for a certain portion of the people. But who is prepared to tell us how affairs in the sphere of production will turn out? What will be the share of foreign capital and private, collective, and state property? No one has worked such things out. What are the organizational preconditions for conducting privatization? None have been arranged! The organs that must be involved with this matter are not ready: There are no privatization documents, certificates, or factories which could print them. The established deadline (three months) is absolutely unrealistic. This is why I will vote against the proposed project.

After long debates the session came to a decision: To order the appropriate committees to summarize the proposals of the deputies and prepare a draft of the decision.

#### **Ukrغاز Official on Gas Supply**

93UN0039C Kiev DEMOKRATYCHNA UKRAYINA  
in Ukrainian 19 Sep 92 p 5

[Article by I. Kolesnyk, deputy chairman of the Ukrainian gas corporation Ukrغاز, under the rubric "Blue Fuel": "Will There Be Gas Meters?"]

[Text] The pages of DEMOKRATYCHNA UKRAYINA have carried a number of articles on various aspects of the delivery of gas to the population. The average consumer, as a rule, considers gas in his home to be an indispensable feature of modern life and does not ponder the great effort of the many collectives involved so that the blue flame will burn constantly, reliably, and safely in his building and apartment. Nor are consumers alone in this.

Meanwhile gas has long ago transformed itself into a large industrial sector of the national economy. But the stimulus behind the industry is always scientific and technical progress, and it is difficult even to imagine our sector without it. After all, today the gas supply system of Ukraine includes more than 70,000 kilometers of underground gas lines alone as well as special equipment for them, more than 20,000 gas control points and installations, etc. And it is necessary for all this to function without interruptions. It is also important for all scientific developments that are applied in the gas industry not only to answer the requirements of technical perfection but also to be economically effective.

The Ukrغاز corporation developed and approved a Comprehensive Program of Scientific Technical Developments for the period up to 1995. The basic concept of the program is the solution of problematic questions of gasification and exploitation of the gas supply systems. First and foremost, it is a matter of raising the reliability of these systems in the villages and other population

centers of Ukraine. One of the paths to this goal is the introduction of polyethylene pipes in the construction of gas lines in rural localities as well as in the reconstruction of steel gas lines in inaccessible areas, and a transition to one-step systems of gas supply to housing structures and communal and household consumers with the installation of home gas pressure regulators.

The reader may shrug his shoulders and say that we have all kinds of problems. That may be true, but we still wish to implement these programs.

Thus at the order of the corporation home gas pressure regulators were designed and serial production is to be set up. The installation of the regulators in each home will give us an opportunity to eliminate the necessity of building low pressure gas lines and erecting gas control points, and as a result will decrease capital investments for construction of gas lines up to 30 percent.

Recently it has become possible to enlist in the solution of scientific and technical problems of the gas industry the great intellectual potential and highly developed enterprises involved in conversion.

Jointly with the collective of the project design and technical institute Gasoparat (in Donetsk), we are implementing a program for the creation of household stoves and water-heater apparatuses at a modern international level. While working out the design of these products, we will perform an effort to harmonize domestic standards with Europe-wide standards and the national standards of leading states.

An effort is underway for the creation and introduction into mass production of new water-heater boilers. In this process, significant attention is being paid to the coefficient for increasing their efficiency and improving ecological data. For example, at the order of the corporation the Kharkov aviation production association has begun preparation of production of household gas stoves. A number of other organizations are also working on solving the problems which face the suppliers of gas. Together with specialists of the Vinnitsa polytechnic institute, for example, the corporation is working on the introduction of a concept of a semiautomated equipment line which stipulates almost full mechanization of the work at gas-filling stations and points, beginning with the pouring of liquefied gas from railway tankers and ending with the delivery of the container to the consumer. The introduction of individual elements of such a line within gas administrations has already begun. For example, at the state enterprise Vinnitsagaz drum-type automatic cages based on the GAZ-53 chassis are being used experimentally. These specialized transportation vehicles are quite effective for the delivery of gas containers.

We are grateful to the enterprises that are demonstrating a willingness to cooperate with us. But these days it also happens that some people, seeing the shortage of gas apparatus, begin to develop it on their own without

paying much attention to such "details" as safety, reliability, and repairability. Thus the State Standards Committee of Ukraine has entrusted the Ukrgaz corporation with fulfilling the obligations of chief consumer and protecting the interests of the citizens of Ukraine in the sector of production. This requires obligatory coordination with the corporation of technical tasks and conditions for new equipment. A similar procedure has been established for resolving questions of the purchase using foreign connections of materials, devices, and equipment for gasification.

Today, when each person is counting kopeks, people often ask when there will be apartment gas meters. Because many people understand today that our gas is not "the cheapest in the world" and, unfortunately, does not flow like an "endless river," as we previously imagined it. Measurements conducted with the assistance of German meters of the actual volume of consumption of gas have shown that they exceed by a factor of three to five the portion paid by the population according to norms and tariffs. And this is in the face of a shortage of gas, dependence on Russia and Turkmenistan, and the frantic growth of purchase prices for gas! As a result, the meters are needed very badly. But... a decree of the government of the former USSR on the mastery of serial production of gas meters has not been executed. Equipment specially purchased in France for hard currency has been standing idle for more than four years at the Dneprodzerzhinsk factory of electronic performance mechanisms. Unfortunately, workshops for the production of meters at this factory have still not been constructed.

What is to be done?

At our proposal preparations are underway for production of such devices in Kiev at the production association Oktava. Why was this enterprise chosen? Oktava has the space it needs and highly qualified specialists. Subsequently our corporation together with D.M. Tuzov, director of the factory, requested that the government of Ukraine transfer from Dneprodzerzhinsk the licensed equipment and the technical documentation.

These days Ukraine has obtained the opportunity to carry out an independent scientific research policy and, as a result, the right to receive technical assistance from the countries of Western Europe and America. At the same time the Ukrgaz corporation is actively developing foreign economic policy. For example, in August of this year the Ukrainian-French joint venture Ukrfrangaz was registered; its founders are our corporation and the French state firm Gaz de France.

The program of the activities of the joint venture stipulates the mastery in Ukraine of modern French technologies within the context of new gasification and utilization of existing gas networks. In particular, it stipulates modernization of worn out steel gas lines via their restoration; mastery of production of polyethylene pipes

and connecting features for construction of gas mainlines; and industrial production of gas equipment and apparatuses.

Within the framework of the joint venture, a line for the production of polyethylene pipes using French raw materials underwent successful testing in the spring of this year at the Simferopol factory Sizakor. French specialists gave a high rating to the experts and to the equipment of this factory. The results of analyses conducted in France confirmed the reliability of the pipes manufactured in Simferopol, which gives us the right to create at the Sizakor factory a base for production of this output. With its assistance it should be possible to carry out gasification of rural localities even in those regions where they no longer even expect gas because they have lost hope.

According to H.B. Kozynskyy, people's deputy of the Republic of Crimea and director of Sizakor, the factory may produce up to 30,000 tonnes of gas pipes annually. At first glance this is very good, because it will not be necessary to waste hard currency for the purchase of imported equipment. Only raw materials are needed—polyethylene of the grade necessary for gas pipelines! Unfortunately, it does not exist in Ukraine. And this is at a time when factories of a Kalush concern Khlrorvinil in the Carpathian region are manufacturing and exporting to Hungary a large quantity of ethylene as a primary raw material. True, for production of polyethylene we need a new factory with equipment of the American firm Shell with a total cost of 250 million German marks. It should be noted that the government of Ukraine has taken into consideration the requests of Khlrorvinil and Ukrgaz. In the past year special decrees on this question have been prepared. As a result, a letter of the government of Ukraine has been sent to the Bavarian Bank of Germany about granting Khlrorvinil a credit account. Last week I visited Kalush. O.V. Romanenko, president of the concern, said he had heard nothing about the promised credit.

At the same time the concern found 500,000 marks for financing design efforts, which the specialists of the German firm Linde have undertaken. This firm is also bearing certain expenditures. However, work on the creation in Ukraine of its own capacity for the production of polyethylene is at a standstill. Will our villagers really have to purchase polyethylene pipes abroad for gasification? In the name of the Ukrgaz corporation I wish to use this newspaper to ask O.M. Romanenko, president of the Khlrorvinil concern, and the government of Ukraine to work to speed up purchases of polyethylene.

The ties of Ukrgaz with firms of other countries are expanding. For example, we have signed a protocol of intentions with British Gas—an English company, one of the best-known in the world. We have conducted negotiations with experts of the World Bank and the European Bank for Reconstruction and Development.



Training of our specialists is being organized abroad as well as in Kiev with the aid of French experts.

I wish to emphasize the importance of the cooperation between Ukrgaz and foreign firms for the gasification of population centers of Ukraine using their materials, equipment, and technologies. We believe that via the implementation of foreign gasification projects we may also improve the situation of people who have suffered from the consequences of the Chernobyl disaster. Indeed, the villages that we are proposing to foreign

firms for gasification belong for the most part to Zhitomir, Kiev, and Chernigov Oblasts.

We have already found many foreign firms capable of cooperation with us and have sent them our proposals. Some of the proposals have already received support and technical and economic substantiation at foreign firms (Gaz de France, Shlyumberzhe, etc.), while some are still being analyzed. Thus we hope that progress will be made and that the population of Ukraine will have good gas equipment.

## BELARUS

### Talks Held With U.S. Generals on Nuclear Weapons Withdrawal

WS2110133392 Minsk NARODNA HAZETA  
in Russian/Belarusian 1 Oct 92 p 1

[Article by Pavel Yakubovich: "Generals Are the People Who Know the Price of Security Better Than Anyone Else"]

[Text] Not long ago, our Foreign Ministry was severely criticized for its chaotic foreign policy. The initialing of the documents at the Belarus-United States talks, which were completed yesterday, may be a positive response to this critical remark. But it should be noted that both delegations were headed by military envoys. Nevertheless, the members of the Belarusian delegation must be credited for the results of the three days of work.

So what did the military officials and diplomats discuss in Minsk?

General Major A. Yegorov, deputy chief of Belarusian Defense Ministry Headquarters, and two-star General U. Berns [name as transliterated], envoy extraordinary, had to coordinate and prepare for signing an interstate agreement which was not an ordinary one. The generals discussed the problem of the open transformation of Belarus into a nonnuclear zone. The serious problems of today and tomorrow were discussed.

The issue is that in accordance with the Nunn-Lugar law, adopted in the United States, the American Government allocated about one-half billion dollars from its budget for assistance to the CIS countries that possess nuclear weapons and, in accordance with their constitutions, want to get rid of them. Russia has signed this agreement and has been transferred a certain number of millions of dollars for the destruction of nuclear weapons and materials. At the same time, Ukraine is maneuvering to make it clear that it is ready to accept this assistance, but does not want to transport warheads and nuclear field charges to be destroyed in Russia. In general, we see a typical picture of totalitarian and not very comprehensible competition between the two largest republics of the former USSR. Thank God, that Belarus does not want to keep the nuclear missiles on its territory, which could later be "privatized" and then become a terribly dangerous matter of concern.

The Belarusian Government is ready to accept the United States' help in order to withdraw the nuclear weapons, which are situated on its territory but are under Marshal Shaposhnikov's control. The United States will send to Belarus all the necessary heavy materiel, which could be used to extinguish fires, and assist during floods and other natural calamities. In addition, the American side will bear all the expenses and will provide all the technical support in order to withdraw the nuclear weapons from Belarus to the locations that have been

established for their destruction. Taking into consideration that Belarus is a window to Europe, the American Government promises to set up a deadlock system designed to prevent the smuggling of nuclear weapons through Belarusian territory. The Americans will also install a hot line between Minsk and Washington. By the way, no such hot lines exist with London and Paris. This fact was particularly stressed by General Berns at the end of the talks.

On the whole, the talks were rather complicated. But the topic of discussion concerned the strengthening of the political status of Belarus among the civilized countries, which are looking for true security.

### Reason for Drop in Meat Sales

#### Effect of Poor Sales Noted

93UN0104A Moscow TORGOVAYA GAZETA  
in Russian 12 Sep 92, p 1

[Article based on reports by ITAR-TASS and BELINFORM-TASS correspondents T. Kleshkov, A. Filatov and N. Sverkunova: "Moscow Merchants Leave With Nothing"]

[Text] Belarusian meat proved beyond the means of Moscow merchants. They did not agree to buy beef at 130 rubles a kilogram. Many hours of "bargaining" in the republic Council of Ministers proved fruitless.

Yet the situation with regard to meat in Belarus is catastrophic, one might say. About 40,000 tonnes of beef have accumulated here. And whereas pork in the republic sells fast, there continue to be considerable problems in selling beef. In many cities in Belarus the sale of refrigerated ready-to-cook products has even been organized according to Western standards: every morning fresh meat is delivered to the stores. Now housewives do not have to stand for hours waiting at the counter. Prices vary from R16 to R110.

Losses from the keeping of above-normative stocks of meat on kolkhozes and sovkhozes are estimated at R423 million monthly. While Muscovites and Petersburgers try to bargain, Belarus is finding new markets. There is already an agreement on deliveries of beef to Australia, Poland and Azerbaijan.

#### Effect of Poor Sales Noted

93UN0104B Moscow TORGOVAYA GAZETA  
in Russian 19 Sep 92 p 2

[Article by staff correspondent A. Suslov: "But Must We Pull the 'Blanket Over Ourselves'?"]

[Text] Minsk—TORGOVAYA GAZETA's issue for 12 September carried an item titled "Moscow Merchants Leave With Nothing," which reported that the price of meat offered in Minsk had proved too high for the

merchants who had come from the Russian capital. An article by our staff correspondent in the republic explains the situation.

The fact that meat had nowhere to go in Belarus became known back in the summer. Articles in the press made no secret of it. On the contrary, they sounded the alarm: "All refrigeration facilities filled with carcasses," stated the 7 August NARODNAYA GAZETA. "Meatpacking combines have not only restricted the acceptance of livestock, some of them have shut down entirely. Farms' losses from keeping animals too long are figured to be extremely high."

Soon this "extremely high" sum was made public: it amounts to R11 million daily for the republic as a whole. Add to that meat storage costs of R3.1 million a day. It was ultimately necessary to allocate credit resources on favorable terms to cover outlays for storing meat.

At the same time, even in Minsk meat is being sold poorly. It is by no means for sale everywhere or always in graded cuts. Even though the meatpacking combine itself organizes deliveries by grade. Meat usually arrives in the stores in the afternoon rather than in the morning. The situation is even worse with respect to the production and sale of sausage and smoked meats. You simply cannot find frankfurters or saveloy. If they do show up for sale, there are large waiting lines for them: only a meager amount is prepackaged, and since price controls were lifted self-service started to decline even where it previously existed.

It is a paradoxical situation: there is meat in refrigerated storage, but there is no selection in the stores. Moreover, in the big cities and rayon centers it is not for sale at all. According to the figures of the Minkhozprom, in the first eight months of this year meat sales in state trade amount to 74.4 percent. Salesclerks today have no particular incentive to increase the sale of meat products (or, for that matter, other products). If they sell more or less, their wages do not change. And with regard to the changeover to leasing and the carrying out of privatization, matters in Belarus have so far not gone beyond talk.

One reason for the poor sale of beef is that the consumption of pork is traditional in Belarus. If it is not available, it is as though there were not any meat, and as soon as pork appears for sale it is instantaneously snapped up. Yet there is not even enough pork for sausage production.

But what in the world has happened to Belarusian lard? One recalls that several years ago, back in the time of

stagnation, all the refrigerated storage units, even in the remote provinces, were full of lard. And now there is none of that greatly beloved national product.

What is the problem? The explanation is simple. The republic's kolkhozes and sovkhoses have long been oriented toward the industrial production of pork. Huge fattening complexes were built for that purpose. But in a number of cases they are half empty: there is not enough concentrated feed. With the collapse of the former USSR, "planned production" began to fall apart. And the factories began to drown, so to speak. And the new increase in grain prices is bringing the branch to the brink of bankruptcy. After all, in order to obtain a kilogram of added weight, one must feed five kilograms of grain. In addition, more than 40 other ingredients need to go into mixed feed. Where is one to get them today?

No one can answer this question. The Kebich government is trying to obtain grain in Kazakhstan: Belarusian combine operators are helping harvest grain in the famous virgin lands today. But at what price will people in Kazakhstan sell us grain tomorrow?

There is a surplus of beef in Belarus today, but it cannot be sold to other countries at the republic's domestic market prices, since that would mean selling at a loss. On the other hand, the traditional buyers—Moscow and St. Petersburg—are refusing to pay R130 for a kilogram of meat. Even though they know that that sum covers unit-cost, shipment and the mixed feed that no one is supplying us just because they like us.

And so, breaking old and traditional ties, Belarus is now seeking new wholesale purchasers of meat in Austria, Poland and Azerbaijan. While Russian merchants are haggling, Belarusian meat may sail away to remote foreign lands instead of to Russia, and Russian energy resources will then immediately get more expensive for us again.

So shall we pull the "blanket over ourselves"? The chaos and instability created by perestroika and the crisis could not have failed to impact the country's economy, the integral organism of which found itself chopped into parts. These sovereign "parts" cannot exist separately, since before they turn into a whole, too much time will pass. And everyone will very soon be left without pork and without beef, and maybe without bread. Politicians eloquently try to calm public opinion, but they are doing little to revive a unified economy as rapidly as possible. Everyone is seeking his own advantage. And in the meantime we are all losing out.



## KAZAKHSTAN

### Business Leader, Chief Tax Inspector Air Views on Taxes

93US0033A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 37, Sep 92 pp 6-7

[Article: Two Points of View on Taxes"]

[Text]

**Bakhytbek Baysaitov, vice-president, Kazakhstan  
Entrepreneurs Congress**

At this past summer's session of the Kazakhstan parliament quite a few laws were adopted which reflect the changes taking place in our republic's economy. But there were even more corrections and amendments to already existing state acts. Moreover, corrections and amendments were approved for those laws which went into effect quite recently—practical life required changes.

The most widespread explanation of this fact is that we are proceeding along an untrodden path, and certain mistakes are inevitable. At first glance this is true. For example, at first the tax on profits from enterprises amounted to 45 percent. Later, in order to stimulate the development of production, the rate was reduced to 35 percent, and now it is down to 10 percent. For about a year we have become convinced on our own "hides" that lightening the tax burden is a vitally important matter for any and every working collective.

Here's another fact. For enterprises—regardless of their forms of property ownership—producing goods for export, the profits earned on selling such items are now—in general—not subject to taxation. Furthermore, if within the total volume the specific proportion of such an item exceeds 30 percent, then the total profit received by the collective shall not be subject to taxation. And this decision was not given to the legislators immediately; it went through various stages.

Such corrections and amendments are timely, necessary, and it would seem that they must be welcomed. Nevertheless, the following remains: The measures being adopted remind one—in essence—of the darning in Trishkin's notorious caftan, i.e., the state's tax system. According to the commonly held opinion, the tax system nowadays is cumbersome, awkward, and consequently clumsy and quite ineffective. It includes 43 different kinds of taxes, collections, fees, and charges—republic-wide as well as local.

Understandably, it is not difficult to criticize any tax system. And—in general—you will not find an entrepreneur anywhere in the world who would say: "Ah, what wonderful taxes we have here!" But in Kazakhstan the tax system has been literally hobbled by laws which are frequently stratified on each other. Taxes and special-purpose fees established by local administrations have

come in for a particularly large number of recriminations. What has this led to? After the introduction of a fee charged on stock-exchange deals in Alma-Ata, the number of business operations fell off sharply. Nowadays trades are rarely made on the exchanges themselves; nobody ever buys anything there. Deals are made "behind the scenes."

But this is not the main point. The clumsy tax structure, which has become overgrown with numerous amendments and clarifications, has a tendency to become more and more complicated. And that is not surprising, for it is a reflection of the legislators' approach to this very complex problem. The multiplicity of our taxes represents a multiplicity of viewpoints regarding the system of taxation. As a rule, some individual, private instance is taken as the starting-point. If there are no pants for sale—let's give some tax breaks to the people who produce them. And—on the other hand—if the owner-managers of Caucasian-style restaurants are making obscene profits, let's squeeze them by imposing a "fee on Caucasian-style restaurateurs." Of course, I am exaggerating, but the essence of the matter is precisely as follows: We attempt to define or specify as the subject to be taxed either the sector or the type of activity involved. But, after all, the sphere of application comprises millions of people. And would each one have his own tax established for him or her? It is precisely this conclusion which can be drawn from the presently existing practice.

To my way of thinking, property ownership should be the starting-point for building a tax system. If the means of production belong to the state, then it is entitled to demand from its own enterprise payment for the assets, fixed payments, and various types of special-purpose deductions. That is to say, by means of taxes the state in this instance implements its right of property ownership.

Another approach should be taken to cooperatives, small, or private enterprises. Nowadays we are attempting to adopt them to the state structures—we divide them according to the number of personnel, the production volume, what specific sector they belong to, etc. Based on this, we define and specify the structure for taxation, again in accordance with the type and analogy of the state structures. But how could the following two entities be equivalent: a high-capacity plant which has been erected by the state forces, and a cooperative, which has created all its assets by dint of its own efforts?

It would be feasible to take a look at the taxation of the entrepreneurial structures from a different angle. What I have in mind is licensing, with the aid of which we could do away with the multilayered "pie" of the tax system. Pay once a year for the right to engage in independent business activity, and you would be free of the remaining 42 taxes. On a limited scale or coefficient this license could take into account the total income, level of local fees, etc. The principal merit of such a system lies in its simplicity and accessibility for everyone's understanding. This is in contrast to the present system in which even the tax inspectorate becomes confused.

And one more thing. The licensing system of taxation is attractive because of its very simplicity. Once it has been worked out and put into effect, we would not have to return to it again—except, of course, to make corrections for inflation, for example, from time to time. It really is something to think about.

**Yerkeshbay Derbisov, chief, Republic of Kazakhstan  
Main State Tax Inspectorate**

At a certain enterprise in Ust-Kamenogorsk 1,100,000 rubles of profits were concealed at tax-payment time, but this was uncovered by staffers from the tax inspectorate. As a result, this money was confiscated and added to the local budget; in addition the guilty parties had to pay in an equal sum in the form of a fine. All in all, this violation proved to be more expensive for the enterprise concerned than would have been the case if they had paid the proper tax in the first place.

I have not named names here because such instances are typical. And the number of them is growing. Whereas last year some 11,600 enterprises concealed their incomes, during the first six months of the present year their number had already amounted to 11,400. There are a particularly large number of violations being committed by entrepreneurial structures, although state structures are not without sin in this matter either. Some commit violations due to ignorance of the laws, while others do so consciously, having read newspaper articles with deceptive headings such as "How To Avoid Paying Taxes." And every time we encounter such instances, we have to listen to complaints about high interest rates, multiple fees, and the like.

Moreover, they forget the following simple truth: Whether I like a law or not, it is the law, and it must be carried out. What I just stated also fully applies to our republic's tax legislation.

At the end of last year Kazakhstan for the first time in its history adopted its own basic law on a tax system. In working it out, the following goal was pursued. The new system must satisfy the sensible expenditures of the state budget, while—at the same time—being actively supported by enterprise. It must also guarantee to have an evenhanded approach to entities under all forms of property ownership.

How successfully were these problems solved? With regard to its own structure, the new tax system is divided into three parts. The first group includes 16 general taxes—on value added, profits, exports and imports, operations involving securities, etc. They are levied throughout the entire territory of this republic at standardized, rates.

The second group, consisting of 10 types of local taxes, has the following feature: These funds are contributed to the budgets of the local soviets. They are also mandatory in their nature, and they include—in particular—the

land tax, payment for water, fees charged to citizens who are registered as subjects of entrepreneurial activity, income tax, and stamp-duty.

And, finally, the third group—which includes 17 additional types of taxes and fees which are established and regulated by the local authorities. The list includes fees collected from citizens for certain specific purposes, a tax on advertising, a health-resort fee, a tax on keeping dogs, for the right to utilize the local symbols, a fee for parking motor vehicles, etc.

Not all types of taxes have been listed here, but the range of their outlines is sufficiently complete to provide a picture of the system as a whole. Naturally, the question arises as to how effective they have proved to be. To be sure, the system is complicated. And in the process of discussing the draft law it is criticized for this to this very day. However, the critics frequently "forget" that the system is not yet fully operational, so that—to a large extent—it is being cursed too far in advance. Furthermore, we do not have any other system, so let's use this one.

A second chorus of dissatisfied voices bears upon the value-added tax (NDS). Although everybody recognizes and admits that this is a completely market tax—moreover, not direct but indirect—on the price of the item involved, nevertheless everybody complains about its high rate: 28 percent. Indeed, it is high. However, it had to be adopted, and it cannot be any lower than in Russia, a country with which we are now tied by inextricable economic threads.

But this does not mean at all that the state's position on this matter is unalterable. For example, important changes were approved at the last session of this republic's parliament. In particular, the tax burden is being reduced for many categories of enterprises and organizations, and several have been completely exempted from paying the NDS. What I stated above pertains to cultural and artistic institutions, creative unions, health-care institutions, and many others.

At this same session the profits-tax burden was significantly lightened for enterprises under all forms of property ownership; other forms of tax breaks were also approved. And so the system is being approved.

To be sure, the following delicate question arises here: Is not the circle of those persons enjoying tax breaks too wide—numbering in the dozens? No one, for example, disputes the right of enterprises belonging to societies for the blind or voluntary societies of invalids and the disabled to obtain reductions in their taxes. Nowadays, however, a trend may be observed to make tax legislation a unique kind of "blanket"—one which every department tries to stretch over itself. The number of tax breaks is constantly growing; the number of corrections and amendments is increasing; and—therefore—many provisions of the law do not "square" with each other. This gives rise to the need for new corrections and amendments, which—in turn—leads to instability and

harms the cause. In my opinion, it would be more feasible to render support to certain specific groups of the population or sectors not through tax reductions, but directly—with the help of targeted programs and direct, one-time subsidies.

Other questions have also arisen—questions just as acute and likewise demanding answers. All this leads to the following, unambiguous conclusion: There is still no integrated concept of taxation in this republic. It is in the process of becoming and requires quite a bit more effort to be finally worked out.

Materials prepared by B. Kuzmenko, chief, Regional News Center, EKONOMIKA I ZHIZN. Tel. (8-327-2) 62-69-45.

Alma-Ata

### Commercial Labor Exchange Holds Job Auction, Fair

93US0034A Moscow NEZAVISIMAYA GAZETA  
in Russian 3 Oct 92 p 6

[NEGA report: "Good Jobs Available at Auction"]

[Text] An auction and a fair featuring good job openings took place in Alma-Ata in the Auezov Theater. The "Salem" commercial labor exchange was also held; it was created by the Alma-Ata Labor and Employment Administration.

As of today, according to official data, there are 636 unemployed persons registered in Alma-Ata; 536 of them are receiving assistance benefits. At the same time there are 253 job openings for ITR's [engineers and technicians] and 1261 job openings for workers.

Five jobs were "sold" at the auction. Of these, four were obtained by girls applying for jobs as secretary-reviewers at salaries ranging from 3,000 to 5,000 rubles and one for a bookkeeper at 15,000 rubles.

### Scholar 'Under Investigation' in Reported Insult to Nazarbayev

93US0034B Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 9 Oct 92 p 2

[Report by Ye. Dotsuk: "Kazakhstan: A Case of Insulting the President"]

[Text] Almost every day at the seminar entitled "To Facilitate the Development of Independent and Pluralistic Mass Media in Asia," which is being conducted this week in Alma-Ata by UNESCO, people are talking about a man who is under investigation for insulting the president of Kazakhstan.

Indeed, this republic's procurator general has instituted a criminal case against Karishal Asanov, a docent at the Kazakh State University imeni Al-Farbi.

The occasion for bringing this action was an excerpt from Asanov's book, "Thoughts on the National Destiny, or Some Words About the Illusion," which was published in the newspaper KHAK. This Islamic political newspaper used to be published in Moscow by the leader of the Kazakh Party of National Freedom "Alash", Aron Atabek (Nutushev). In the excerpt from the book, which in the newspaper was entitled "Don't Believe or Put Any Trust in the President's Smile," K. Asanov, after mentioning N. Nazarbayev's party past, expresses profound doubts about his democratic views. K. Asanov considers that the Kazakh people has not been sufficiently politicized; otherwise it would not have permitted the "deal of the century" with the American firm Chevron.

But the most piquant moment in K. Asanov's article is the accusation of N. Nazarbayev of assault. According to his version, the president allegedly struck People's Poet Mukhtar Shakhnov in the face after the latter, speaking from the rostrum of the First Congress of the USSR People's Deputies, set forth his own understanding of the events of December 1986 in Alma-Ata—an understanding which differed from the official point of view at that time. To be sure, Shakhnov himself has denied the fact of this slap or punch.

But the procuracy investigator considers that the article published in the newspaper KHAK could lead to its author being incarcerated for a period ranging from three months to six years.

In denying his guilt entirely, the author also denies it in particular, shifting the responsibility for a number of quotations from the articles in KHAK and the "Alash" leaders, who allowed themselves a great deal of editorial license.

At present the editorial offices of KHAK in Moscow are shut down, and its editor, Aron Atabek, has requested political asylum from the Azerbaijani authorities. He calls himself a "Turkic nationalist" or an "Islamic integrationist."

For the time being, Aron Atabek is still in Baku. As far as we know, he has not yet acquired any official status from the Baku authorities. The court trial is being prepared in Alma-Ata. K. Asanov has been freed from the guards—pending his trial.

### Kazakhstan Peasants' Problems Aired

#### Commission Notes Problems

934A0004A Alma-Ata SELSKAYA NOV in Russian  
No 37, 11 Sep 92 p 2

[Unattributed article under the "In the Cabinet of Ministers" rubric: "To Take Care of the Peasants"]

[Text] A heated debate took place at a meeting of the Cabinet of Ministers' commission for monitoring the progress of the implementation of the president's edict



"On Additional Measures for the Social Support of the Population of the Republic of Kazakhstan," during the discussion of a report by First Deputy Minister of Agriculture A.F. Romanov on the progress of the implementation of the Republic of Kazakhstan law "On Peasant Farms in the Republic of Kazakhstan," and a resolution of the government on a program for the development and support of peasant farms.

It was mentioned that there is no production or social infrastructure for peasant farms; conditions for the sale of finished products by these farms have not been ensured. Farmers are often unable to acquire necessary equipment or obtain credit on acceptable terms.

The commission outlined measures aimed at solving the problems of rural areas. The establishment of the Peasant Bank of the republic to serve small agricultural business is one of the measures. It was also deemed necessary to devise legal norms which would protect the peasants against arbitrariness on the part of the power structure and monopolies. It was resolved to forward to the president a memorandum concerning all of the above issues.

#### Obstacles to Peasant Farming

934A0004B Alma-Ata SELSKAYA NOV in Russian  
No 36, 4 Sep 92 p 2

[Article by V. Boos, chief of the department of new organizational structures of the Ministry of Agriculture: "Peasant Farms Are Being Created and Established Under Difficult Conditions, and This Is Why They Need Support"]

[Text] In recent years, especially after the adoption of the law "On Peasant Farms in the Kazakh SSR [Soviet Socialist Republic]," the organization of owner-operated farms has become one of the ways to form a multisectoral market economy in rural areas. The attraction that many people feel to working the land on their own has turned out to be much greater than was expected.

Despite the absence of necessary material, technical, and economic prerequisites, the number of peasant farms has increased by more than 4,500 since the beginning of this year, and reached 7,762 as of 1 July of this year, according to data from statistical organs. The process of the formation of new peasant farms is continuing.

Of course, their creation and development has proceeded in different ways in different oblasts. The number of peasant farms is the highest in South Kazakhstan Oblast—2,303; in Alma-Ata Oblast, the figure is 800; East Kazakhstan Oblast—460; Dzhezkazgan Oblast—470; and Kzyl Orda Oblast—397. However, in Kokchetav Oblast there are only 122 such farms, in Karaganda Oblast—202, and in Turgay Oblast—123.

The average land allotment per one peasant farm in the republic comes to 274 hectares, the spread being as

follows: 1,262 hectares in Dzhezkazgan Oblast, 100 hectares in North Kazakhstan Oblast, and 22 hectares in South Kazakhstan.

There are fewer than eight conventional head of cattle per 100 hectares of agricultural land assigned to peasant farms. On the average, one peasant farm has 16 head of cattle, of which 5.7 cows, fewer than two head of hogs, 148 sheep and goats, and about four horses and camels.

We cannot fail to note that, in a number of locations, the results of the operation of peasant farms are quite good. For example, in Akmola [formerly Tselinograd] Oblast, the Kuralay peasant farm in Kurgaldzhinskiy Rayon, which is managed by Manap Abdraimov, harvested 4.5 quintals of grain from each of its 300 hectares in the last, extremely dry year, whereas the adjacent Friendship sovkhov harvested as little as 1.9 quintals. The sovkhov sold no grain to the state at all, whereas Abdraimov shipped 110 tonnes to the elevator.

In West Kazakhstan Oblast, products worth 29,300 rubles [R] were sold last year per one person working on peasant farms, whereas for those working on kolkhozes and sovkhoves, products worth R14,500 were sold.

In Turkestanskiy Rayon of Shymkent Oblast, the Balapan peasant farm of Bali Zhidebayev has 100 hectares of grazing land in the area of Syrdarya. Bali Zhidebayev bought available poultry yards from the Victory kolkhoz at their residual value, installed incubators, and currently keeps 6,500 geese, including 4,000 breeding stock. In 1991, he produced 30 tonnes of meat and 80,000 eggs. All outlays on the acquisition of machinery and structures and the construction of a new poultry yard have long been recouped.

In 1991, the peasant farm of Stepan Antonovich Tivanyuk, from Kzyltuskiy Rayon, Kokchetav Oblast, was assigned 460 hectares of arable land, sold 142 tonnes of wheat, 40 tonnes of buckwheat, and 10 tonnes of perennial grass seed.

These examples indicate that farming may become quite an effective sector of the agrarian economy, a component on an equal footing—precisely a form of economic operations on an equal footing, rather than the dominant form, because objective economic laws indicate that it is necessary to combine large, medium-sized, and small production units in rural areas. Peasant farms should be developed on an accelerated basis until they entirely fill up their niche in agricultural production. As time goes by, it will be ascertained specifically what proportion of the overall volume of the gross product of agriculture they will account for. However, it is clear that we are still very far from optimal proportions. Suffice it to mention that in 1991, peasant farms accounted for just about 0.6 percent.

We may predict quite safely that the future development and establishment of peasant farms will be quite painful. The extremely underdeveloped production and social infrastructure; the absence of internal funds for the

setting up of farms while bank credit is becoming increasingly expensive, thus making it unaffordable for most peasants; the administrative maintenance of procurement prices by the local authorities at levels which are unacceptably low for the peasants; and insignificant amounts allocated from the budget as direct financial support for peasant farms are the main constraints.

In addition, existing legislation does not protect the peasants against an arbitrary approach on the part of the local authorities. In Kuybyshevskiy Rayon, Kokchetav Oblast, land was granted to the peasant farm of V. Panevkin twice, and taken away twice. Ultimately, this peasant farm fell apart. The same was done in that rayon to the peasant farms of Potapov, Mironov, Enist, Sarsembayev, and Murzakhmetov. Many complaints to this effect have been received from other regions as well. Thus, 14 members of the Communism kolkhoz from Turkestanakiy Rayon, South Kazakhstan Oblast, report that they have been seeking the allocation of land with a view to organizing peasant farms since November 1991. However, despite the law being entirely in their favor, they have been running into stiff resistance from the kolkhoz chairman and the chief of the rayon administration.

Many of the already established family farms, especially those specializing in livestock breeding, get by on unproductive manual labor and generate profits which are not always adequate even for the needs of current production. This is not surprising. On the average, there are 0.9 tractors, 0.4 tractor trailers, 0.4 trucks, 0.18 combine grain harvesters, etc., per farm. At the same time, machinery quotas allocated to farmers by decision of the republic government are not used because of high prices. The situation is also exacerbated by the fact that a system for furnishing fuel, lubricants, spare parts, fertilizer, and seeds to peasant farms has not been fine-tuned yet.

Most oblasts and rayons procrastinate when it comes to establishing a chain of processing, brokerage, and commercial distribution units, rental agencies, and small enterprises for repairs, construction, and technical services to peasant farms, whereas existing state industrial enterprises (mobile heavy equipment pools, dairy plants, meat packing plants, elevators, and so on) serve only sovkhozes and kolkhozes as larger and more advantageous partners. Most local organs do not take advantage of opportunities to grant to the peasant farms the right to use production, technical, agrochemical, and other services of state agricultural service establishments and organizations through the procedures and on the terms in effect for socialized farms, setting aside for this purpose an appropriate proportion of their capacity.

Efforts to change the production mix of manufacturing enterprises belonging to the Kazagroremmash concern are advancing at an unsatisfactory pace. This means that in subsequent years, the peasants cannot hope to obtain specialized machinery and small-size equipment. This is why they are doomed to work their fingers to the bone for a long time to come, failing to compete with large

state or collective farms. This discredits the farmers' movement, whether we want it to or not.

Conditions which ensure guaranteed sales of products manufactured on peasant farms have not been created. The peasants themselves are not necessarily in a position to engage in sales; for now, there is no relevant service organized by the peasants themselves. Mutually advantageous relations with consumer cooperatives have not been established, either. As a result, some peasant farms are not actually able to manage the output produced, and are forced to sell the bulk of it to sovkhozes and kolkhozes at prices dictated by the latter.

The professional training received by farmers is inadequate. This, along with the poor capital-worker ratio, is one of the main reasons for the low productivity of their labor. The effectiveness of the system of farmer training and retraining remains poor. The use of the potential of the higher and secondary educational establishments of the republic and vocational technical schools for this purpose is extremely inadequate.

Opportunities for the quickest and least labor-intensive mode of creating peasant farms by reinforcing the auxiliary plots of citizens are being missed.

Many farmers have persistently come out in favor of creating a peasant bank. So far, however, nobody has undertaken to offer actual assistance to them in this matter.

Issues of social security for peasant farm workers have not been resolved.

An analysis of the operation of peasant farms suggests the hardly reassuring conclusion that, at present, their future hinges not only on laws in effect but also, to a great degree, on the good disposition toward them on the part of managers at all levels, or lack thereof (because of the absence of objective economic conditions and a developed market infrastructure). Of course, we cannot raise the issue of creating hothouse conditions for the owners of peasant farms. However, all enterprising, knowledgeable, and hard-working peasants who have embarked on the path of independent farming are entitled to count on support from the state in order for strenuous and proper labor on the land to produce weighty results.

#### Excessive Self-Interest Criticized

934A0004C Moscow SELSKAYA ZHIZN in Russian  
25 Sep 92 p 3

[Article by V. Savelyev, Republic of Kazakhstan, under the "Staff Correspondent's Column" rubric: "Run for Dear Life?"]

[Text] A program is being implemented in Akmola Oblast to supply the population with the types of food-stuffs which may be produced locally. It is all clear as far as grain, vegetables, potatoes, meat, and dairy products

are concerned. A couple of years ago, the exigencies of perestroika forced an expansion of the areas planted in buckwheat, millet, and melon and oleiferous crops, previously considered unsuitable. They rushed to build primitive hulling mills and presses everywhere. At present, the oblast is experiencing yet another boom—a beet boom. Not only rural areas, but also plants and combines are tending the plantations of root crops in order later to trade them for sugar.

Local self-supply is not practiced by the residents of the Akmola area alone. Everybody is involved in it, though in various ways. Given this, the thought of the mass planting of Kazakhstan cotton or metallurgy on the pattern of China in the times of the Cultural Revolution does not appear ridiculous.

The reasons are understandable. Nothing can be envisaged, given the zealously upheld sovereignty, at times at the level of individual rural soviets. The socialist system is being relegated to oblivion, to the applause of people who are radically minded, but who interpret rural areas in particular either based on the classic fiction of our domestic men of the soil, or in a learned abstract manner, having mistaken revelations by Engelgardt, Dokuchayev, and Chayanov for their own, or, finally, who snobbishly exclaim: What is there to be understood? You should plant on plowed land, and, having taken the cow to the bull once a year, give her udder a workout often, and that is all there is to it...

An unprecedented speech made from the podium by a former military pilot, who is currently a farmer from the Belgorod area, has begun to circulate on TV screens. The latter-day breadwinner recalled how a Fascist implemented land reform at a farmstead, through an interpreter and in 15 minutes, before the narrator was dry behind his ears. That was Ordnung, the narrator gushed breathily. In his words, his fellow kolkhoz members have never had that much grain either before or after the war. Thanks to father Hitler, he said... And down with kolkhozes!...

Judging by the actions of the authorities, the process will bring about the desired results, even if not in 15 minutes. Extensive lands of sovkhozes and kolkhozes onto which powerful machinery could be driven, and on which large livestock breeding farms could be built, and where the use of highly productive technologies was appropriate—all of these are now being broken up everywhere, splitting as an amoeba into whatever number of smallish operators. This brings joy to many faces, especially in cities, where the Philistines, listening to democratic bosses whose knowledge of things rural is based on sour cream from the store, heave sighs of relief in anticipation of the exotic fruits of the blanket farmerization of a certain economic space.

One seldom encounters the frank admission that, all good wishes notwithstanding, in our accursed times these people (as a rule, smooth talkers and forever fond of great shocks) are prompting the rural areas to do just

one thing: to walk at a quick pace back to the beginning of the frail 20th century, and to begin anew, perhaps, even Stolypin-style, emphasizing separate land holdings. Given such zeal, we may very well end up eating bran.

However, I will backtrack to the beginning of this note. So, those who are most intelligent figured out soonest that—given the current policy of sovereigns who have gained independence, primarily independence from their own populations, whose boring desire is to live decently—it is not the Motherland that one should look out for, as the words of a song from the times of stagnation went, not the Motherland, but primarily oneself. Now that everyone has become intelligent, this is apparent at any and all levels—republic, oblast, or farm.

I think that it would be unfair to accuse anyone of being a social egoist, especially the rural population. First, all of us have officially been invited to the marketplace, which instantly turned into a bazaar in which the most primitive speculation is interpreted as enterprise and an accomplishment of perestroika. Second, the ownership of private property began to be promoted as a yardstick of virtue; just yesterday, this private property was everyone's property, whereas now it is being divided up in an incomprehensible manner, or has already been divided up and grabbed piece by piece. Third, the budget keeps shaking the loose change out of the pockets of those who live below the poverty line in the name of someone's dubious welfare. Even [as published] given these three circumstances, nothing is left for any society to do other than to shout: Run for dear life! The state and the authorities should be the first ones to come up with this slogan. At any rate, it would be more honest than, with their full stomachs gurgling, to proclaim the building of a society of equal opportunities, which is mythical, given our reality, to the people whom vouchers, coupons, shoppers' ID's, and sovereign currencies have driven mad, whose stomachs are already growling because of ubiquitous merchandise shortages, and who are asserting their now undeniable potential by working their tails off in potato and beet fields, but only for their own benefit.

## UZBEKISTAN

### German Firm Remains Interested in Uzbekistan Market

934A0039A Tashkent PRAVDA VOSTOKA in Russian  
8 Sep 92 p 2

[Interview with Rustam Kadyrov, head of the permanent representation in Uzbekistan of the firm Ferrostal AG, of the concern MAN AG in Germany, by PRAVDA VOSTOKA correspondent V. Shapovalov; place and date not given: "Ferrostal—A Firm for All"]

[Text] Over the year of its independence, Uzbekistan has set up contacts with many countries in the economic sphere. And not just on the state level. Foreign business



is seeking a place in the republic's market through joint firms, small enterprises, and banks.

The short period of experience here has shown that not everything is worthy of admiration. To a great extent this is due to the poor protection afforded foreign investors.

The operation of reliable firms which have sprung up in the Republic of Uzbekistan is thus especially deserving of attention. One such firm, in our view, is Ferrostal AG, of the concern MAN AG of Germany, which has opened up a permanent representation in Uzbekistan.

Our correspondent speaks with Rustam Kadyrov, head of the permanent representation.

[Shapovalov] Rustam Azizovich, in heading the representation of a German firm, you—a candidate of economic sciences with experience in commercial transactions—would have to thoroughly study a potential partner, right? After all, are there not quite a number of "phonies" emerging in the business world?

[Kadyrov] This was a major factor in our preliminary work. In November last year a delegation of Uzpromstroybank, headed by its chairman of the board T.S. Azimov, visited the firm in Germany and focused attention on the tremendous prospects for our cooperation. And we all became convinced that Ferrostal AG, the firm which invited us, of the concern MAN AG, was a solid and reliable partner. It emerged more than 60 years ago in Essen and to this day is considered one of the most significant enterprises in Germany's export operations and international trade. It is a private joint-stock company of MAN AG which, in turn, is one of the largest European concerns in the sphere of heavy industry. Of the concern's annual turnover amounting to almost 19 billion German marks, 4.5 billion are attributable to Ferrostal AG. Finally, the firm has a 20-year history of cooperation with the former USSR, and was one of the first foreign firms to see the prospects of operation in the CIS countries. It opened its first representation in Tashkent, and already today is operating in Minsk, Kiev, and Baku. And so we have confidence in this partner. It is no accident that the firm was the only foreign firm to be offered office space in the premises of Uzpromstroybank—this too is evidence of trust in a solid partner.

[Shapovalov] What are the functions of your representation?

[Kadyrov] Through us the firm intends, jointly with West European manufacturers, to play the role of general contractor with respect to the delivery of know-how, the newest technologies and equipment, diverse materials, and foodstuffs. In this regard, the full complex of equipment deliveries will be effected—from project development through installation, implementation, and the training of personnel. Through our representation, Ferrostal AG provides its potential partners direct contact with firms of interest to them, including visits by foreign specialists to the Republic of Uzbekistan and business

visits made in response. I am certain that all this will be beneficial to the economy of independent Uzbekistan.

[Shapovalov] Could you be more specific—what sectors of the economy?

[Kadyrov] I will give only a brief answer—the chemical and oil industries, the fuel and energy complex, agro-industrial complex, textile industry, food and vegetable processing, vegetable oil production, production of bakery and confectionery items, the cotton-processing, textile, and garment industries, and the production of equipment for heavy industry. There is no doubt that sovereign Uzbekistan will give all these varieties of production a qualitatively new footing. To this end, I believe cooperation between departments, enterprises, and businessmen with Ferrostal AG will become mutually advantageous and mutually profitable.

[Shapovalov] As I understand it, this is all within the sphere of the future?

[Kadyrov] Our main hopes lie in the future. But even today we are already developing a project for Uzbekistan for the production of agroindustry panels made from cotton stalk, panels of the wood-lamination variety, and have begun delivering pipe for the Uzelkhoz mash concern. We have begun work in earnest with respect to delivery of equipment for the Kokand test and experimentation plant producing nonstandardized equipment and the Samarkand knitwear factory, and wind-driven power energy units for the Energy Ministry of the Republic of Uzbekistan. We are already prepared right now to offer pipelines and equipment for the oil fields.

Once again I would like to stress the peculiarity of the firm Ferrostal AG—it is presently our one and only foreign firm which is ready to present know-how and the newest technologies, something other firms are not yet prepared to do.

In principle, the delivery assortment is unlimited, including on a barter basis. I am certain that all who apply for the services of our representation will become convinced of this. Like the firm Ferrostal AG itself, our representation is for all who are interested in lifting up the economy of independent Uzbekistan.

[Shapovalov] We hope every citizen of Uzbekistan is interested in this, and we wish your representation every success.

[Kadyrov] Thank you. You cannot survive today without hopes of achieving success. But the hopes must be reinforced by specific actions. It is felt that this is what our representation of the German firm is doing.

Today as our republic celebrates its first anniversary of independence, we congratulate all readers of PRAVDA VOSTOKA and all Uzbeks upon this event, and are proud that we are making the contribution of which we are capable towards achieving the economic independence of sovereign Uzbekistan.

**ARMENIA****Vice President on Republic Currency**

93US0043A Moscow NEZAVISIMAYA GAZETA  
in Russian 13 Oct 92 p 3

[Report on news conference given by Armenian Vice President Gagik Arutyunyan; place and date not given; by Armen Khanbalyan: "Armenia Is Not Going To Introduce Its Own Currency Yet, but It Should Be Prepared To Do So at any Time"]

[Text] On his return from a working visit to Germany and Austria, Armenian Vice President Gagik Arutyunyan gave a news conference in order to acquaint journalists with the results of his trip. He said that he had planned his visit as an attempt to unify the small and rather disparate, though quite rich, Armenian communities of those countries around the all-nation "Armenia" fund, branches of which had already started to function in many countries. Arutyunyan thinks that this attempt was generally successful and the Armenians of Germany and Austria are now going to contribute as much as they can to the economy of their historical motherland. At the same time, the vice president characterized the state of the diaspora in Germany and Austria as rather complex. This is caused, as he thinks, by the presence of a well-organized and very active Turkish community whose members and mass media have been conducting a rather pointed and successful propaganda campaign against the Armenians; this allows them to distort the image of Armenia and the Nagorno-Karabakh movement, especially as it is seen by the West, Germany in particular.

Gagik Arutyunyan showed journalists samples of the new Armenian national currency, which is already being printed in Germany. The republic intends to remain in the ruble zone and to assist in organizing the CIS common bank. However, Yerevan should be prepared for any turn of events, such as, for instance, Russia's introduction of its own currency. This will leave Armenia with no choice either. But until then any talk of switching to the drams (the name for the Armenian money) needs to be postponed till better economic times in Armenia. In this respect the vice president expressed a rather skeptical opinion of the processes taking place in the CIS states. He thinks that it is too early to say that the collapse of the USSR is over and new integration is beginning. On the contrary, similar to the series of aftershocks that follow a strong earthquake and vary in intensity, the economic and political "aftershocks" on CIS territories may continue for a considerable time yet; this is especially true because the market transformations in Russia are accompanied by immense difficulties and the old structures are falling apart much faster than the new ones are being established. Thus, anarchy may rise to the level at which certain political forces may try to restore the old order. According to G. Arutyunyan, this is totally unrealistic and will inevitably lead to even more horrible results. For this reason, Armenia should

adhere more closely to the policy of relying on its own forces and should expedite formation of its own economic, market structures in accordance with the requirements of an independent existence. Any attempt to preserve traditional economic forms is doomed because "the old building is practically destroyed, cannot be repaired, and nobody can live in it any more."

The vice president also brought samples of new passports; unlike the national currency they will be introduced before too long; their issue will begin next January. The passports are being printed in Germany and correspond to international standards. They will come in three categories—general public, diplomatic, and temporary. The latter will be issued to persons who are not Armenian citizens but live and work in the republic. All these documents will look identical and have no mention of the owner's ethnic origin. The only thing that may impede their introduction is the procrastination displayed by the Supreme Soviet in passing the Law on Citizenship. It will cost Armenia \$4 million to have the new passports printed, the vice president stated.

**AZERBAIJAN****Gosplan Chief on Economic Development**

93US0022A Baku BAKINSKIY RABOCHIY in Russian  
8 Sep 92 pp 1-2

[Interview with Doctor of Sciences Ziyad Aliabbas ogly Samed-zade, first deputy prime minister of Azerbaijan, by N. Azizov and V. Morozkov; place and date not given: "Azerbaijan Can and Will Live Better"]

[Text] Ziyad Aliabbas ogly Samed-zade—a well-known economic scientist, doctor of sciences, and academician—has dealt with problems of the republic's economic development for almost three decades. Now he is first deputy prime minister of Azerbaijan and heads the key structure in the management of the national economic complex—Goskonoplan of the Azerbaijan Republic. Both the urgent tasks of improvement and stabilization of our economy and its extrication from the crisis, as well as the tactics and strategy of socioeconomic development, are worked out within the walls of this department. In other words, through painstaking analytic work an accurate diagnosis of urgent problems is made, specific recommendations for their solution are given, and work on the coordination and correction of the course of economic transformations is intensified.

[BAKINSKIY RABOCHIY] Ziyad bey, maxims about the chronically unhealthy economy, avalanche-like processes of its destruction, and coming cataclysms have already become customary. Nevertheless, what is the situation in reality? Will the intensifying economic chaos not threaten democratic transformations in sovereign Azerbaijan?

[Samed-zade] I state with good reason that the republic's government controls the state of affairs in the national

economy and is fully aware of its responsibility for the development and implementation of a realistic economic policy under the present very difficult conditions. Azerbaijan is a truly unique state, where under conditions of the long-lasting war (it should not be forgotten that today 20 percent of our potential is in the conflict zone and vast funds will be needed to restore it), of the consequences of the Union's disintegration, of the rupture of economic ties, and of the extreme degree of political and social tension, nevertheless, measures to stabilize the economy and elements of market relations are being implemented. Analyzing the strong scientific-technical and economic potential accumulated in the republic and existing opportunities, it can be boldly claimed that Azerbaijan as a sovereign state can and should live much better and occupy its fitting place in the world community. Of course, in order to achieve this strategic goal, it is necessary to go through several stages, the key one being the stabilization and implementation of priority measures to reform the economy and to create real prerequisites for the development of a normal civilized state, where economic and human rights are observed strictly.

Today it must be regrettably stated that Azerbaijan, possessing the richest raw-material and mineral resources, maximally drew them into the unified national economic complex of the former country and, as a result, inherited an extremely inefficient and imperfect structure. We would also like to recall that in the people's standard of well-being we were among the most backward Union republics.

The serious errors in national economic management, the fact that enterprises subordinate to the former Union are outside the mechanism of state regulation, the rupture of ties among regions, and the intolerable breach of production, contractual, and labor discipline have brought about big discrepancies in the development of sectors of our national economy in recent years. Owing to these reasons, only one-half of the capabilities of most industrial enterprises are utilized now. In some sectors shops and production lines have been shut down completely and many enterprises are on the verge of a shutdown. The process of workers' release is intensifying. Since the beginning of the year in machine building and light industry alone their number has decreased by 20,000.

The fact that for many years the economic cost-is-no-object mechanism was in effect in our country, credit and financial resources were acquired easily, and there was no competition on the consumer market also had a strong effect on the intensification of crisis processes. Furthermore, the entire production was under state ownership exclusively. The republic's economy was and to this day is negatively affected by the strong dependence of a number of its key sectors on other regions and by being in the ruble zone. Naturally, Russian Government reforms are conducted on the basis of

Russia's interests. But we, in fact, copy them blindly, not taking the specific conditions, needs, and interests of our republic into consideration.

[BAKINSKIY RABOCHIY] We are building an independent state. Naturally, we should also have our own national concept of economic development. It is no secret that in the republic voices are heard that the government does not have an efficient program of actions to reform the economy.

[Samed-zade] These are fundamentally incorrect claims. In fact, we have just begun to build the state. Hardly anyone has suspected that many process will occur in such an avalanche-like manner. I would like to stress especially that populism and dilettantism, which exist in the sphere of the economy, do tremendous damage primarily to our sovereignty and economic policy.

You have quite correctly stressed that we are building an independent, new state. Naturally, former methods and principles of forming the concept of and programs for Azerbaijan's economic development cannot be determining. Gosekonomplan considers it necessary to enlist the best forces in the working out of fundamental problems of the republic's economic development.

The preparation of such a large-scale concept cannot be connected with the name of one person, even if he is most outstanding. This involves the fruits of labor of many scientists and specialists and the generalization of world experience, from which the best must be taken. Those that engage in populism in this area must realize that they assume great responsibility to the people.

Once again I state that the government is in control of the economic situation and makes efforts to extract the national economy from the crisis. All the levers of economic reforms should be put into effect in the course of this process. I categorically do not agree with the claims that, first, it is necessary to stabilize the economy and then to implement reforms. My position is as follows: active work on stabilization with a simultaneous introduction of the levers of market regulation. We, so to speak, have already entered the market circle and there is no way back.

[BAKINSKIY RABOCHIY] Nevertheless, as statistics indicates, it has not yet been possible to stop the sliding down to a crisis.

[Samed-zade] Speaking of the situation in the economy, I am far from optimism. The fact that during half year the national income and rates of industrial production dropped by 22 percent and the volume of construction and installation work decreased by 17 percent, including at production facilities, by 21 percent, cannot fail to cause serious concern. There is an even bigger lag in the production of agricultural and food products. In our opinion, such tendencies are extremely dangerous. If specific energetic measures to extract the economy from the crisis are not implemented in the very near future,



dramatic difficulties can arise along the path of development of the independent Azerbaijan Republic.

In the last 3 months the Cabinet of Ministers in a broadened composition discussed three times the existing situation and important steps to improve the management of economic processes in the new situation have been taken. Some shifts are now visible. Look, in July the economy has already worked better than in June. Indicators in August will also be better than in July. Consolidating what has been achieved, we must advance along the path of transformations even more decisively.

**[BAKINSKIY RABOCHIY]** What are the basic directions in the renewal of the republic's national economy?

**[Samed-zade]** Immediate attention will be paid to a full-scale restructuring. Since Azerbaijan is an independent state, the entire structural policy should be subordinate to its interests. I would like to note that this process will be much more complex than before. A reduction in the monopoly role of foreign suppliers, who determine the fate of many sectors, the introduction of science intensive and power-and resource-saving technologies, and a correction—a serious one at that—of the activity of many enterprises in favor of our republic are the basic directions in this policy. After all, suffice it to recall that not long ago 93 percent of our enterprises were under Union subordination. They must be more resolutely set on a new track, taking the republic's immediate interests into consideration.

**[BAKINSKIY RABOCHIY]** During the transitional period, when problems of consolidation of state independence and introduction of market relations are being solved simultaneously, the role of the fuel and power complex is increasing fundamentally.

**[Samed-zade]** Today this is one of the key problems with which our sovereignty, stabilization, and international prestige are connected. Petroleum and petroleum products for the republic—they represent not only fuel, oil, and chemical raw materials, but also a reliable source of acquisition of modern equipment and technology abroad. Therefore, the government envisages a broad system of measures in the area of both the development of the fuel and power complex and a substantial saving of its output in industry and in everyday life. We must finally reach a unanimous opinion on the problem of international development of the Azeri field.

Oil prices are a very big problem. We realize in what a very difficult economic and social situation the collective of many thousands of Azerbaijan's oil industry workers is. Recently they have put forward the initiative to raise oil prices. Here, however, there should be a state approach. After all, if the prices of energy carriers are tripled or quadrupled, this will immediately have a serious effect on other sectors.

Consolidated calculations show that, as a result, annual expenditures will increase by several tens of billions of

rubles in industry alone and by 12 to 13 billion rubles in the agro-industrial complex. In our opinion, even the most stable economy will not withstand this without appropriate preparatory work.

We consider the liberalization of prices of energy carriers necessary. However, this task should be realized in stages. In our opinion, at the first stage it is possible to adopt an increase in the price of oil in an amount ensuring a wage increase for low-paid workers, drillers, underground repair brigades, and other links engaged in heavy manual labor in remote places and at sea. In brief, having in mind the republic's vast needs for fuel, prices of this strategic product represent a state, not a sectorial, problem.

Very many problems have also been accumulated in gas production. In 1992 we should receive on the order of 4 to 4.5 billion cubic meters of gas from Turkmenia. But its prices were sharply raised there. Consequently, additional big expenses are ahead. At the same time, we have not been solving for a long time the problem of the construction of compressor stations at Neftyanyye Kamni, owing to which up to 2.5 billion cubic meters of gas go into the air. Moreover, up to 2 billion cubic meters are lost owing to leakage and mismanagement. Here are reserves for you.

We must take advantage of every opportunity and of all economic levers for the priority development of a network of small enterprises.

You know, in many countries throughout the world their proportion is quite high. There is no need to cite specific examples. Such a direction in economic development is a realistic condition for healthy competition and for the opening of thousands of new work places. According to calculations, during 1 or 2 years hundreds of such enterprises can appear in machine building, food and light industries, and the construction materials industry. They will greatly help to put a barrier against annual losses amounting to thousands of tons of agricultural products and to efficiently utilize valuable food and medicinal plants and so forth in mountain and piedmont regions.

Provision is also made for a gradual reduction in the effect of monopolism in the production of a number of consumer goods, a stage-by-stage privatization of enterprises, the creation of equal conditions for competition among various forms of ownership, and a tax differentiation for the stimulation of the output of consumer goods.

**[BAKINSKIY RABOCHIY]** Many are disturbed by the situation in agriculture, a sector on which our table depends.

**[Samed-zade]** Owing to well-known reasons, the crisis has also affected the agro-industrial complex. As a result, in the last 3 years the per-capita consumption of meat and meat products in the republic has declined by 12 kg,

of milk and dairy products, by 89 kg, and of eggs, by 48. To be sure, these figures are distressing.

Not only local production has declined, but since the beginning of the year there has been a serious lag in the delivery of these products to the republic. The interests of the people of Azerbaijan demand that matters connected with the gathering, procurement, and processing of this harvest be under strict control at all levels. Unfortunately, this is not yet the case.

I will say openly: If we want to improve the population's food supply and to renew Azerbaijan's rural areas, we must have a special program for state support for agriculture.

By way of information: On behalf of the republic's government Gosekonomplan, jointly with the Ministry of Agriculture and Food, the Ministry of Finance, and other interested organizations, has embarked on the development of this program, which is so necessary.

In the last 6 years capital investments in agriculture have decreased sharply. The planned land reform should be prepared with due regard for local conditions and the capabilities of existing forms of ownership should be evaluated realistically. Problems concerning the development of farms should be thought out thoroughly. A simple quantitative increase in them will not lead to an abundance of agricultural products. Well-founded calculations and the solution of problems of resource and financial support are needed. As long as all this is not adjusted, the efficiency of existing farms will remain low.

We will have to create an economic mechanism and to pursue an investment policy, which would prevent losses of agricultural products and raw materials, the amounts of which now reach 25 to 30 percent.

[BAKINSKIY RABOCHIY] How do you react to the claims by many representatives of the new market structures that economic reforms in the republic are implemented in the absence of an appropriate legislative base?

[Samed-zade] There is a grain of truth in these claims. Therefore, recently the National Assembly, the President's apparatus, and the Cabinet of Ministers have activated work in this direction. There is no need to say that a country cannot be recognized in the world if its laws of transition to the market do not meet international standards. Any of our laws, having national characteristics, must be built without fail on these principles.

At the same time, I would not begin to claim so categorically that we do not have a legislative base. We adopted the constitutional law on the principles of economic independence a year and a half ago. Many of its articles and provisions (I state this responsibly and not because I participated in the drafting of this law) are also of fundamental importance for today. Let us take the banking system, about the reorganization of which a great deal has been said. An appropriate law was finally adopted. Principles of the functioning of the National

Bank are incorporated in it and commercial banks have been made into an independent structure.

On the whole, I stress: Extensive work on strengthening the legislative base of economic transformations in the republic is still ahead.

[BAKINSKIY RABOCHIY] The republic's population has felt the effect of the market primarily through the liberalization of prices. As a scientist, do you believe that it is possible to stop their unrestrained race? Is state regulation of prices possible?

[Samed-zade] Not only possible, but necessary. World experience attests to this. In the absence in the republic of marked changes with respect to property, land reform, the mechanism of the fight against monopolism, and proper responsibility of producers who have gained economic freedom, the release of prices has led only to their sharp rise. It is important to take these realities into consideration and to realize that the "planned" economy monopolized for decades cannot bring a positive effect only with a sharp price liberalization. During the past half year wholesale prices of goods produced in the republic, as compared with the same period of last year, increased 12.6-fold, including of consumer goods, 8.7-fold. Prices of individual consumer goods jumped as much as 18- to 20-fold. And this against the background of a sharp slump in production in virtually all areas.

Gosekonomplan believes that prices of products of key national economic sectors (fuel, power engineering, and agriculture) and of consumer goods and services determining the standard of living must be regulated without fail by the state. In order to prevent abuses on the part of enterprises, which exercise their monopoly right for the maintenance of overstated prices, the practice of declaration during a change in free prices of their products and services will be widely used. Appropriate bodies will analyze the reason for the change in prices and determine the objectivity of the change in expenditures and their effect on the production volume. Under these conditions it is very important to pursue the tax policy correctly and efficiently so that the tax mechanism may ensure producers' financial interest in speeding up the commodity flow and increasing the volume of output.

I would like to note that in Azerbaijan the nonequivalent price ratio formed among members of the former Union over a period of decades has not been eliminated to this day. Thus, with an 8- to 12-fold increase in prices of agricultural products the prices of industrial goods delivered to this sector and, basically, produced in Russia rose 40- to 50-fold and in some cases, 100-fold. In our opinion, in order to solve this problem, in interstate relations the republic should carry out a price policy under which during a commodity exchange and in export-import operations it could derive an appropriate benefit, not limit prices of exported goods, and establish their level depending on market conditions, bringing them closer to world prices.

[BAKINSKIY RABOCHIY] Will the introduction of a national currency promote the curbing of inflationary processes?

[Samed-zade] We greatly hope for this. The introduction of our currency is a very important step along the path of strengthening our sovereign economic policy. It is not clear to me why diametrically opposite opinions in connection with the manat have arisen in the republic. After all, a national currency also represents national dignity, an attribute of our sovereignty. Therefore, we should avoid any populism in this matter.

In order to maintain the purchasing power of the manat, we must realize measures to improve finances and to fill the market with consumer goods.

Of course, the introduction of a national currency is also a tremendous responsibility. A package of measures must be implemented in all national economic sectors. First of all, it is necessary to create a legal base and an efficient organizational structure of the new banking system, to ensure a civilized way out of the ruble zone, and to link our currency with the international credit and financial system. It is very important to form a mechanism of internal conversion of the manat and a system of securing it with gold and hard currency.

[BAKINSKIY RABOCHIY] What are the forecasts of science in connection with the steady reduction in the population's purchasing power?

[Samed-zade] There is no need to say that this occurs owing to the excessively high prices. Judge for yourselves. During half year, when the volume of production of consumer goods decreased by 25 percent, the volume of retail trade turnover decreased by 67 percent. In June alone, as compared with last year, the prices and rates of paid services rose 10.3-fold, including in sanatorium, health-resort, and health improving institutions, 34-fold, tourist and excursion institutions, 14-fold, and transport organizations, 11-fold.

In accordance with anticrisis measures urgent steps are envisaged to stimulate an increase in the production of key goods, to prevent a reduction in the population's purchasing power and mass unemployment, and to protect socially unprotected strata of citizens. Provision is made for the introduction of preferential credits for the producers of the most important products, differentiation of the added-value tax, reduction in the profit tax, and stimulation of an accelerated establishment of production facilities and small enterprises for the output of consumer goods. It seems that all this will create a reliable basis for ensuring the population's minimum living wage.

Among special problems I would like to single out the importance of a competent implementation of a regional policy of distribution of productive forces. It should become the leading direction in the activity of both legislative and executive power. Here state regulation is needed without fail if we want to build a civilized state. After all, in the same United States the equalization of the level of development of the south and the north has been a state policy to this day.

[BAKINSKIY RABOCHIY] In conclusion, Ziyad bey, a few words about the problems being solved under the new conditions by Gosekonomplan headed by you. Is it not, as some think, an archaic fragment of the old administrative command system?

[Samed-zade] In no way can I agree with such claims and, in general, those that do not accept the concepts of "plan" and "planning" are mistaken. After all, we should have a clear idea of how we will live tomorrow and what will be needed for this and we should have a competent forecast by scientists and specialists. Incidentally, any market state has such bodies, only under a different name.

Taking into consideration the professional, personnel, and scientific potential of Gosekonomplan under conditions of the crisis state of the economy, only it, as the leading economic body in the system of central state bodies of management, is capable of the development of and organizational support for the program for the stabilization of the economy, which encompasses and connects all its parameters: from the sectorial economy to financial and credit support for the national economy.

It is well known that under conditions of centralized economic management most of the industrial potential (93 percent) was under Union ownership. Republican bodies of management, including Gosplan, did not have a sufficient effect on the formation of an economic policy with due regard for the republic's interests. Now the situation has changed fundamentally. The entire economic potential is under the republic's subordination and Gosekonomplan is responsible for the formation of a state policy for its economic development.

In brief, the range of issues and tasks, with which Gosekonomplan should engage jointly with other specialized economic bodies, is quite wide and under conditions of the transitional period has increased significantly.

Of course, there are also shortcomings in the structure of Gosekonomplan. It will be necessary to improve its structure in connection with the changes occurring in economic life, to free it from secondary functions, to intensify the role of the balance method in the regulation of economic processes, and to develop a mechanism of coordination of the activity of all the republic's economic bodies, including newly established ones.



Now we engage in earnest in the second and subsequent stages in economic reform and carry out an overall analysis and forecasting of the tendencies in the development of the economy and of its resource production potential and a substantiation of the goals and priorities of the republic's socioeconomic development. The most important directions in our

activity include the determination of the forms and methods of state effect on economic processes and the preparation of drafts of legislative and normative acts necessary for this; and, of course, assistance for the development of all forms of ownership and support for new economic structures, to which the future belongs.

## LATVIA

**Preelection Political Scene Discussed**

93UN0049A Moscow NEZAVISIMAYA GAZETA  
in Russian 1 Oct 92 p 3

[Article by Andrey Sorokin under the heading "Latvia": "Next in Line After Estonia—Moving Toward the National State Model: Will Riga Agree To Make Changes in Its Northern Neighbor's Scenario?"]

[Text] The outcome of the presidential and parliamentary elections held in neighboring Estonia have been greeted with a great deal of optimism among the most influential nationalist forces in Latvia. Tallinn's politicians were the first in the Baltic region to successfully take a practical step toward realization of their cherished dream of a homogeneous ethnic component in their national independence. Since the preelection situation in Latvia is approximately comparable to the Estonian model (true, no provision is made for the post of president), sympathizers of the Estonian victors in Riga can confidently count on an equally favorable outcome in the upcoming election for themselves.

Much is being said about the Latvian Saeima election right now, even though the specific details of that election remain unclear. Only the issue of who the voters will be can be considered conclusively decided: as in Estonia, they will be citizens of the Latvian Republic under a law dating from 1938, and their direct descendants. True, in contrast to Estonia that will be somewhere around one-half of the capital's population. And Latvia will probably not resort to formally "keeping up appearances" as was done by their northern neighbors, who conducted a "citizenship referendum" that permitted an increase in the number of voters by all of... 6,000. It really would be a relief to forego that pleasure, one which is as expensive as it is pointless.

As for the schedule and procedures for the actual election, however, many things remain unclear. Until just recently the date—the fall of 1993—was still under discussion. That was due to the persistent demands of the Latvian state delegation to negotiations with Russia about withdrawal before that date of all Northwestern Group of Forces units, because holding free elections in the presence of an "occupation army" was perceived as blasphemy by Latvian patriots. However, recently the radical Satversme faction in the Latvian Republic Supreme Council, together with the Democratic Party of Labor, has been insisting that the election be held in the spring of next year. If that demand receives the support of a bloc comprised of the Latvian People's Front (NFL) and the Movement for National Independence (DNNL), then the parliament will be forced to accede to moving up the date of the elections sometime this October or November.

Then it will become necessary to answer one hard question: who will put forward lists of candidates for the parliamentary election? Will that right be granted only to

parties, or also to social organizations and even to citizens' groups? The NFL and the DNNL are categorically opposed to the first option, clearly not eager to be reclassified as party-type organizations, with the inevitable "downsizing" that would entail.

However, despite all these factors the NFL-DNNL bloc is already considered the undisputed favorite in the upcoming election. Moreover, that is not just by analogy with their Estonian colleagues from the Fatherland, but also by virtue of the current real influence those organizations have on Latvia's political affairs. It is assumed that it will be candidates from that bloc who will be most kindly received by the voters who make it through the "citizenship" filter. The most telling argument in favor of the national-radical biumvirate is its residual image, which has stayed in the popular imagination since the romantic days of struggle against "Soviet imperialism." Furthermore, the NFL-DNNL banner will most likely be borne into the campaign fray by the most popular and respected political figure in Latvia today—Prime Minister Ivars Godmanis. Incidentally, the liberal camp also regards him as the best hope for bringing about a considerable deemphasis of the most disreputable planks in the national-radical platform.

Conceding 40-50 percent of seats in the Saeima to the NFL-DNNL bloc right from the outset, the Riga newspaper SM-SEGODNYA considers its main competitors to be the Democratic Party of Labor headed by Juris Bojars and the still-emerging but competition-ready "liberal bloc" (comprised of the social democrats, the Farmers' Union and the Christian democrats). The Latvian Democratic Party of Labor, which in the opinion of SM-SEGODNYA is most noted out for its "populism and blatant demagoguery," could nevertheless reap additional dividends from its image as the "democratic opposition," an image which has been created by Juris Bojars's uncompromising parliamentary fencing with the national radicals. The "liberals" could count on material support from the church and some sympathy among the large rural population, and perhaps among urban youth as well.

The organizational weakness and programmatic vagueness of the "supernational general democratic opposition" (mainly represented by Democratic Center Party) will probably prevent it from achieving any serious successes in the election. Not to mention the fact that insufficient resemblance to a party sharply limits one's choice of potential allies. Most likely the Democratic Center Party and its sympathizers will be represented in the Saeima by lone enthusiasts, along with numerous other exotic parties and factions (ranging from the Greens to the super-radical "18 November League"), whose simplistic slogans are unlikely to attract the attention of the broad masses of voters.

Thus the preelection correlation of forces in Latvia coincides in broad terms with the Estonian scenario, thus presupposing an analogous outcome of the campaign. However, unexpected changes in the process of

saeima formation in the Latvian Republic could be introduced through development of the Estonian model of an "ethnocentric state," something which is in turn subject to the inevitable negative effects of a number of objective factors.

The concept of a purely nationalist domestic policy is forcing Estonian leaders to pursue an "anti-Russia" ideology which is highly dubious under current conditions. It is simply not possible to find any other plausible justification for such a concept. Two unfortunate consequences are inevitable in this case, the first being a noticeable cooling toward Estonia on the part of the developed European states, something which can be observed already (they also took a very cautious stance on its unique practical interpretation of the problems of a national democracy)—that by itself is the shortest route to economic and political isolation along the lines of Albania. And naturally Russia will with the passing of time be forced to react, tangibly though perhaps lazily, to this disrespectful attitude on the part of its Baltic neighbor.

The other consequence will most likely be reflected immediately in Estonia's domestic economic and political situation, especially in view of its ethnically heterogeneous population coupled with ethnically homogeneous institutions of state authority. Though naturally the problem is not so much the ethnicity of the republic's various residents as it is the adequacy of the newly-created power structures when measured against existing realities.

All the various kinds of unpleasantness which the new Estonian leaders will have to go through will be a very instructive "textbook" for Latvian politicians. Particularly since Estonian misunderstandings, theoretically extrapolated to Latvia, would be exacerbated even further by the substantially larger percentage of "non-citizen" population, its even distribution throughout the territory of the republic with actual predominance in major cities, and its significant economic influence.

The Latvian political establishment has always been noted for its enviable ability to arrive at rational conclusions on the basis of the practical experiences of its closest neighbors in the Baltic region, in the end settling on more compromise-oriented scenarios. If that is still the case, then it is possible that views on the outcome of the upcoming parliamentary election will have to be reconsidered.

#### **Changes in Prime Minister's Cabinet Foreseen**

93UN0066B Riga DIENA in Russian 29 Sep 92 p 1

[Article by Liga Krapane: "Parliament Intends To Make Changes in the Composition of the Government; Ministers Remain Calm"]

[Text] Riga, 28 September. Today Valdis Birzhavs, Supreme Soviet deputy chairman, and the leaders of

both factions (LPF and Satversme) confirmed the unofficial report received by DIENA on changes in the composition of the government, expected soon. Six of the 16 ministers asked by the DIENA correspondent, denied the possibility of such a step on the part of the government and expressed their intention to work for as long as parliament will not demand their resignation. According to the motion filed by the Peasant Union, made public last week by Yanis Kipna in the Supreme Soviet, the latter's 6 or 7 October agendas included a report by ministries and the government as a whole on their activities for the past period, and the work schedule for the period until the Saeima elections. Clearly, it is then that the decision will be made concerning individual ministers and the work of the government as a whole.

"It is no secret that changes are developing within the government. For the time being, we can only guess at their nature. That is why, to begin with, I would like to emphasize that it is precisely the prime minister who has priority in appointing new ministers and asking parliament to consider the resignation of individual ministers. Naturally, parliament as well has the same right. Furthermore, dissatisfaction with some ministers has long been voiced in the halls of the Supreme Soviet," V. Birzhavs told DIENA correspondent. Both he, Indulis Berzinsh, the head of the LPF faction, and Roland Rikards, the deputy head of the Satversme faction, emphasized that before replacing some ministries, their activities must be thoroughly analyzed. In that respect, the Satversme faction has assumed the leadership, for already now, at a closed faction meeting, the study of the activities of the government was the main topic on the agenda. In turn, some among those whose activities in the implementation of the reform have been particularly inconsistent from the viewpoint of the parliamentarians, were the departments dealing with foreign policy, justice, and trade (foreign and domestic). Worth adding is the fact that as early as 18 September Edgar Zausayev, the minister of foreign trade, had called for the resignation of the prime minister. So far the question of relieving him from his duties has not been resolved.

In November it had been exactly one year since the reform in the government was made, when, along with an announcement of the new candidates-ministers was presented by Prime Minister Ivar Godmanis. So far, the prime minister has not submitted any official report on possible changes in the cabinet. It is only in a talk with Valdis Zeykate, the head of the government administration, that DIENA was able to establish that a Council of Ministers session had been held at which issues of further activities were discussed and that it had been resolved that the government will continue to function in its present membership. "I believe that a change of ministers under the present circumstances may be a conceptually wrong step. A difficult winter is approaching. It is very difficult to obtain from the government a motion concerning any whatsoever changes in its composition. Such an initiative could



originate only in parliament. Furthermore, I would not say that the action taken by E. Zausayev met with the support of his colleagues," V. Zeykate told DIENA. In turn, R. Rikards said that the Satversme faction has been informed of the motion filed by some deputies to become deputy ministers. For example, [several words missing] was offered the possibility of becoming deputy minister of finance, while the duty of deputy minister of economic reform was offered to Anton Buls. One week ago, the latter candidacy also was supported by the Supreme Soviet Presidium. "I categorically oppose the notion of deputies supporting a collapsing government. In my view, Godmanis should stay until the Sejm elections," R. Rikards told DIENA.

The question of replacing the government or individual ministers was not discussed at the meeting of the LPF faction. Therefore, speaking strictly for himself, I. Berzinsh said: "It could be a question of replacing individual units but not the government as a whole. However, I cannot say that I am a supporter of this government. I am dissatisfied with the inconsistency of the government's activities in the area of economics. Naturally, nor should one deny the inconsistency of the parliament." In the opinion of the leader of the LPF faction, it is not the collapse or the overthrow of the government but changes based on a serious analysis that could benefit precisely the ministers who would retain their positions. In any case it would be unwise to rock the boat under the present circumstances.

"Depending on whether we can be sure that the government has a program to stabilize the reform, the question may arise of the resignation of the government as a whole or of individual ministers. Such resignation should not be based on a dislike of the minister as a person," V. Birzhavs told DIENA. In his view, the determining factor is less the stability of the government than that of the reforms under way.

The DIENA correspondent was able to meet in the halls of parliament the ministers of internal affairs and forests. "I do not assume that any changes would take place. I would feel relieved if parliament would release me. I personally will not resign for I have a feeling of duty," Kazimir Shlyakota, the minister of forests, said. His colleague Ziedonis Chevers also said that he saw no reason to change the composition of the government: "We discussed this matter at a meeting of the Council of Ministers and decided to continue with our work. There could be no objections to my stay for of late I have submitted several reports to parliament. It was on my initiative that several parliamentary commissions were set up to deal with various issues."

The other four ministers were reached by telephone. Raymond Pauls, the minister of culture, was optimistic. He also believed that, for the time being, he was not anticipating any changes but as to his own resignation, he said the following: "This issue does not perturb me particularly, for I have a very good profession."

Teodor Eninsh, minister of welfare, Ayvar Millers, minister of industry and power, and Andris Gutmanis, minister of communications, discussed the situation quite calmly. T. Eninsh will keep working "as long as this entire confusion has been settled or else he is asked to resign." Similar views were expressed by the other ministers. Unfortunately, the DIENA correspondent was unable to reach the other members of the government even via the government's communication channel; the secretary of the minister of foreign affairs suggested that he address himself to the deputy minister. Since such matters are of a strictly personal nature, the correspondent declined the suggestion.

According to the Law on the Council of Ministers, which was passed on 18 March, the mandate of a member of the government ends with his resignation, a no-confidence vote, abolishing the respective ministry, end of the mandate of the Council of Ministers, or the illness or death of a minister, thereby preventing the further implementation of his obligations.

### Objections to Cabinet Changes Voiced

93UN0066C Riga DIENA in Russian 29 Sep 92 p 1

[Report by Ilmar Punka: "Parties Cannot Presently Form New Government"]

[Text] Riga, 28 September. At the present time the government headed by I. Godmanis should not resign, for this could result in unnecessary political upheavals. The Latvian parties are not ready to demand a replacement of their government. Nor are they ready to submit a program for its activities. This was stated at today's press conference by representatives of the LSDRP [Latvian Social Democratic Workers Party], the National Party, the Liberal-Democratic Party, the Peasant Union, and the Green Party.

According to liberal democrat Gunar Chukstens, the resignation of the government would be an attempt to resolve an economic crisis by political methods. This, however, is impossible. In turn, Egil Baldzens, the LSDRP representative, noted that the parties which demand the resignation of the government do not have their own programs for resolving its problems: "We cannot support something of which we are totally ignorant." The representatives of all parties were unanimous in the view that the declaration on replacing the I. Godmanis government with a government formed by the parties, signed by the Liberal Party, the LDPT, the Conservative Party, and the Revival Party, was merely an electoral campaign move.

However, nor did the representatives of the parties positively rate the activities of the I. Godmanis government. "The only ministry to which we do not object is the Ministry of Defense," E. Balzens said. He and his colleagues discussed the activities of the foreign policy department and its head, Yanis Yurkans. Ayvar Berkis, the leader of the Peasant Union, was the only one to say that the Ministry of Foreign Affairs is not the only

culprit for all the difficulties experienced by Latvia. "We can provide a specific assessment of the activities of the government and of its individual departments only after a report on their work has been submitted," A. Berkis said. He was supported by the other participants in the press conference.

As was made public at the press conference, the Liberal-Democratic Party consists of about 100 members; the LSDRP of 500, with some 130 abroad; the National Party, based on the Club of Politically Repressed, 600; the Peasant Alliance, 1,800, and the Green Party, 348. The influence of one party or another can be judged only on the basis of electoral results, Andris Rugens, the representative of the National Party, said.

### Latvian Russian Politics Analyzed

93UN0066D Riga DIENA in Russian 29 Sep 92 p 2, 6

[Article by Vladimir Besspalko: "Who Are They, Those Russian-Speaking?"]

[Text] In order to understand the mood of that segment of Latvian society which today is usually described as Russian-speaking, one should briefly recall the history of Atmoda. Unquestionably, it involves Interfront, the All-Latvian Public Salvation Committee, and the public meetings and demonstrations organized by the Latvian Communist Party. On the other hand, in its time, the LPF had some 200,000 members, no less than 10 percent of them non-Latvians, who supported the idea of the familiar March survey. Therefore, the number of non-Latvians who supported the idea of independence should be raised to 100,000. In newsstands the Interfront YED-INSTVO was stacked next to BALTIYSKOYE VREMYA of the LPF, and both newspapers had their own followers. Other facts as well clearly indicate that the Russian-speaking segment of Latvian society was not heterogeneous but could be classified into at least three parts: conservative forces; people who supported the Atmoda; and, as anywhere else in the world, people of undetermined views—philistines (the interpretation of this term in Ozhegov's dictionary reads as follows: A philistine is a person deprived of a social outlook, pursuing exclusively with his petty personal interests).

No one has ever disputed these facts. Nonetheless, the popular model today is entirely different: Thus, according to an article by Vilnis Zarinsh, representing the present LPF leadership (DIENA, 20 June 1992) it follows that the Russian-speaking population is some kind of great homogeneous mass alien to anything human in general and anything Latvian in particular. It is entirely understandable, therefore, why Mr. Zarinsh is prepared to ship these people out, anywhere: to Russia, Germany, or even farther away, as long as he does not have to see their hateful colonial-migrant faces. It is precisely from views based on such a model that stem not only simply speculative elaborations on the part of respected members of the Duma LPF but also the

realities of our life: From crudely defaced Russian-language posters in electric trains to refusing to pass the law on citizenship.

Why did such a drastic change in the model occur? The first explanation which comes to mind is that it is the people, their ideals and their concepts, that have changed. However, this totally violates the laws of sociology. There is inertia in the human awareness and sociology deals not in terms of years or even decades but of generations. The people could not have changed in two or three years. They remain what they were in the past. Hence the conclusion that there has been a propaganda campaign aimed at promoting far-fetched and artificial views about the Russian-speaking residents in Latvia and efforts at making real life fit a primitive system.

This method is familiar and borrowed from the arsenal of the Bolsheviks, who deified the stupid reverence of a plan and were never interested in the individual as such.

We must admit that among Russian-speaking people one comes across primitive models based on the "us against them" variety. In this contrast they (the Latvians) are depicted as a homogeneous hostile mass. The faultiness of such concepts is obvious! Reality has given us a great many examples of the way in the Latvian part of society there increasingly appear a great variety of hues in the political spectrum. Suffice it to recall the recent Chevers-Krastinsh, Plyavniyeks-Skudra, and Yurkans-Freymanis "duels," to clearly see the clash among a variety of quite conflicting principles. Also essential was the split within the LPF, a group of founders of which has now undertaken to found a democratic center party. Unfortunately, let us note that instead of analyzing this complex political spectrum, the Russian-language press frequently prefers to quote statements by civic committees. Without intending to start an argument with Mr. Zarinsh, I would like to help the reader to become acquainted with other views of the Russian-speaking part of Latvian society. This model is based on the attitude of the people toward Latvia as an independent state and their ability to adapt to the realities of such a state.

**First group.** These are people to whom the collapse of the USSR has become, above all, the loss of their ideological homeland. Some of them hope for a restoration of the Latvian SSR and are ready to struggle for this objective; others believe that they would acquire such a homeland by returning to Russia, Ukraine, a Central Asian republic, and so on. These people find it quite difficult to adapt to the realities of Latvian society although, it is true, with one exception: their extremely negative acceptance of the process of democratization and their yearning for the "strong hand," would have them quite loyally accept a Latvia of a totalitarian type even if it were to become an ethnocratic-type state. For the sake of a "correct" content, they are prepared to ignore some faults in the form.

**Second group.** These are people who were quite strongly aware of their ethnic affiliation but whose feeling for such affiliation assumed exaggerated features. For example, this applies to the Russians who consider themselves Great Russians. As a state, they only accept Russia in its 1914 borders. To them Latvia is nothing but Lifyandskaya Guberniya, and they view the future of the Baltic area exclusively in Zhirinovskiy's terms.

**Third group.** These are people who sensed a separation from their ethnic homeland and the difficulty (and, perhaps, the impossibility) of adapting to the complex situation characteristic of Latvia. The orientation toward the formation of an ethnic state makes their leaving Latvia only a matter of time and the appearance of minimal economic conditions. Adaptation is possible only if the state were to take a political-ethnic "American" type of orientation.

Motivated by different reasons, these three groups of people will try to obtain Russian rather than Latvian citizenship.

**Fourth group.** These are the *Rossiyane*, i.e., people who view Russia less as a governmental concept and mainly as a cultural, spiritual, and historical Slavic tradition. The Baltic area has always been part and will continue to be part of this Russia, for such people have never gone anywhere or come from anywhere else, and some of them have been living in Latvia since times immemorial (and, together with the Latvians, suffered under the Baltic barons); some of them moved here relatively recently (and, together with the Latvians, "marched" under the Bolsheviks). In a certain sense, the outlook of such people could be described as one of Russian cosmopolitanism (concepts such as these must be used for in the Latvian language it is difficult to make a distinction between the concept of "Russian" and "Rossiyanen"). It is interesting to note that in the writings of some Latvian authors the term "cosmopolite" has a pejorative slant, although the authors themselves are in favor of integration of other ethnic groups within the Latvian environment which, essentially, is also the first stage of cosmopolitanism.

It is precisely those people who were the "Russian-speaking" social support base of Atmoda. In their majority they were oriented toward adopting Latvian citizenship. It is true that of late doubts concerning the expediency of this step are increasing.

No, it is not the people who have changed. As in the past, they are supporting an independent and democratic Latvia. However, historical and genetic memory will never allow them to accept Latvia as a national-Bolshevik type of state.

It would be interesting to know the size of each one of these groups. I would not like to disappoint the readers but this is the wrong question. The classification into such groups is purely analytical, and the views of real individuals are invariably a combination of separate elements. The conclusion based on such thoughts is

different: A more or less accurate model of society or part of society cannot be invented but only defined on the basis of the facts of real life. And if life has already provided a sufficient amount of facts which would define such a model, it becomes impossible to change it through mental exercises.

#### Latvian Communists Regroup

93UN0071B Riga DIENA in Russian 18 Sep 92 p 1

[Report by Ilmar Punka: "Latvian Communist Union—Heir of the Prohibited Communist Party"]

[Text] Riga, 17 September. The Latvian Communist Union (SKL) was formed as the ideological heir of the prohibited Latvian Communist Party. This new socio-political organization is not a party. It intends to act with strictly legal means, including strikes. The SKL leaders informed of this fact journalists at a press conference which was held... on the benches of the Press Club.

According to SKL bureau member Igor Lopatin, known in the past as an active member of the Latvian and USSR Interfront, the newly established organization will struggle against the restoration of capitalism and for the building of a real socialist society: "State capitalism existed in the former Soviet Union and more socialism could be found in some Western countries." He also voiced the assumption that the former leaders of the CPSU had read little, if at all, the works of Lenin and Marx.

Nonetheless, the SKL announcement claims that "the October Revolution opened for the workers the way to power, to true democracy. The SKL will actively participate in the political struggle as well, including in the elections for the Sejm, if so allowed by the law." Lopatin noted that many members of the Latvian Republic Supreme Soviet participated in the constituent meeting of the SKL, although he refused to name them.

The cornerstone of SKL activities will be the struggle for equality among all residents of Latvia for, as I. Lopatin claimed, in Latvia there is discrimination against the population based on ethnic features. The withdrawal of the Russian Army from Latvia was described by I. Lopatin as a legitimate process, since an independent republic had been established here. However, this should not be done in a hurry. Nonetheless, the SKL political declaration states that the withdrawal of Latvia from the USSR was a grave error and that the Latvian Communists believe that the independent Latvian Republic should display initiative in the unification of the republics of the former USSR within a renovated federative union.

According to I. Lopatin, the organization he heads is supported by 37,000 Latvian people and its constitutional conference was attended essentially by urban people, especially from Riga, Daugavpils, Yelgava, and



Dobele. The SKL documents do not identify the nationality of the participants, for that organization is international, for which reason I. Lopatin could say nothing about its ethnic composition. The party card of the former Latvian Communist Party will be considered a document proving SKL membership. Following re-registration, the card will be replaced with a new document.

The SKL constituent conference voiced its support of A. Rubiks and S. Parfenov, considered by the Latvian Communists to be political prisoners.

The SKL intends to cooperate with related organizations within the international union of communists and the All-Union Political-Consultative Council of Communists and Worker Parties. All communists, supporters of social progress, and working people are invited to celebrate the 75th anniversary of the October Revolution with meetings, demonstrations, and laying bouquets of flowers at revolutionary monuments.

#### Russian Air Force Activity Increases

93UN0071C Riga DIENA in Russian 29 Sep 92 p 1

[Report by Erik Kulis and Karlle Serzhante: "The Local Military 'Supports' Yurmale Talks"]

[Text] Lijepaya, Riga, 28 September. While talks between the Latvian and Russian delegations were being held in Yurmale on 23-24 September on the withdrawal of Russian forces, on several occasions during the day Russian fighter aircraft overflew Saldus. At the same time, the Zvard testing grounds "came back to life." After more than one month of quiet, once again there was intensive bombing and bursts of machine gun fire could be heard.

Ya. Broke, Salduskiy Rayon deputy, told DIENA that "...on 24 September, the agenda of the meeting of the Salduskiy Rayon Soviet included the issue of ending the boycott involving relations with Russian Army units deployed in the Zvard testing grounds. We also wanted to settle the issue of supplying the military personnel with food and consumer services. However, after the 'raids' on Saldus we abandoned our initial plans."

According to Major V. Zhukov, chief of training flights of the military units of the Russian Army deployed in the Zvard training grounds, "The resumption of flights over the Zvard training grounds on 23-24 September was unrelated to the talks conducted between Latvia and Russia on the withdrawal of the Russian forces from Latvia, currently taking place in Yurmale. The flights had been planned earlier and were made when weather conditions were suitable." As to flights over Saldus, V. Zhukov explained that, being in charge of the flights, he had categorically forbidden the fliers to cross the airspace over the city. On 23-24 September no single aircraft flew any closer than eight kilometers from the Saldus city limits.

Asked by DIENA to comment on the decision of the Latvian government to close down the Zvard training grounds as of 1 October, Major V. Zhukov answered: "We are under the command of the Russian Federation. Whenever this matter is resolved in the talks between Latvia and Russia we shall act in accordance with Russia's decision."

According to K. Knis, chief of the Air Force of the Latvian Ministry of Defense, the culprits for the two bombs dropped on 23 September were fliers from the Daugavpils 322nd Fighter and Bomber Aircraft Regiment. For that reason, by decision of the Latvian Republic minister of defense, the permit allowing flights over the airspace of the Latvian Republic was canceled today. DIENA was told by T. Yundzis that the Ministry of Defense asked the Latvian Ministry of Foreign Affairs to draft a corresponding protest note to the Russian government.

We were unable to get the opinion of the 15th Air Army on the bombing. However, in a talk with the DIENA correspondent, K. Knis noted that in the course of the talks in Yurmale, M. Lipatov, the Air Army commanding officer, noted that Latvia is making all its decisions unilaterally and that the Army will take into consideration exclusively the results of the intergovernmental talks.

#### British Instructors Train Latvian Military

93UN0066A Riga DIENA in Russian 30 Sep 92 pp 1, 4

[Report by Sapdris Metuzale: "British Instructors Teach Zemessargi"]

[Text] Riga, 29 September. For the past two weeks four British military instructors have been training 110 Zemessargi at the Cesis training center, primarily battalion commanders, chiefs of staff, and company commanders. The training program includes tactical exercises but also subjects such as first aid.

As Lieutenant Colonel James Marment, leader of the group of British instructors, told the journalists, the group was assigned to Latvia on the request of the Latvian Republic Supreme Soviet, to advise the Zemessargi. Its main task is to train commanders who will then share their experience with their subordinates. The training course is similar to the British and is scheduled to last no more than two weeks. However, before such a course the British have annual training practice while our Zemessargi lack basic military training. To master a topic to which one week is assigned in England, here the same topic must be covered in a single day.

As to the results of the training, the lieutenant colonel was generous in his praise and reported that the Zemessargi are mastering everything quite rapidly and are confident in their strength.

Major Edward Bowen, the group's chief instructor, emphasized that in Latvia it would be useful to apply the

multiple-step training system practiced in England. Its main difference from the standard Soviet system is that here every soldier is trained to think and make decisions independently in striving to reach his target.

The instructors brought a great variety of various training implements: visual aids and textbooks, some of which had already been translated with the help of Latvians living abroad. A manual will be written, based on the British materials. The possibility is not excluded for British military schools to accept some Zemessargi together with members of the Ministry of Defense.

Ekab Blause, commander of the Vidzema Brigade, emphasized that these are the first serious training exercises by the Zemessargi conducted on such a high level and on the basis of a system long practiced in the Western world. No other military doctrine is possible if the Baltic countries intend to ever join NATO. Latvia cannot hold onto the obsolete military tactics inherited from the former USSR.

During the training the instructors pay particular attention to the individual approach (a proof of this is that, in order to find the best way to establish contact with the trainee, the British have asked that a tag with his name be put on his uniform). Military ethics—a concept which, so far, has been alien to us—has not been ignored.

The first days of training was not free from some oddities. For example, a gallant Zemessargi, after the mock battle, in the good old tradition of the Soviet Army rushed to finish off the "wounded," something which genuinely amazed and made indignant the British instructors. Particularly relevant was the instruction of the British guests to the effect that the Zemessargi must always avoid any clash with the other armed structures—the Army and police—in order to maintain the trust of the people.

The Zemessargi assumed possession of the Cesis training center from the Russian Army, delivered in excellent condition, only four weeks ago. The British instructors believe that in time, thanks to the enthusiasm of the Zemessargi, this could become an excellent training center.

As Lieutenant Colonel Marment noted, the Zemessargi have done everything possible to provide maximally comfortable conditions to the British guests and to attain the targets set in the course of the instruction.

#### Statistical Data on Declining Economy Given

93UN0071A Riga DIENA in Russian 17 Sep 92 pp 1, 8

[Article by Valdis Freydenfelde: "Decline in Production Output"]

[Text] Riga, 15 September. The Latvian State Statistical Committee has analyzed the current condition of the Republic's national economy and concluded that the crisis in the country is worsening, affecting mainly

industry. The living standard of the population is declining. In the first half of this year, compared to the corresponding period in 1991, the domestic overall product, in comparable prices, dropped 32 percent (by 20 percent in the first quarter and 42 percent in the second). Overall agricultural output dropped 25.7 percent; output in the processing industry dropped 35.8 percent and in the fishing industry 60.2 percent.

#### Industry

In the first eight months of this year the overall volume of output, compared to the corresponding period of last year, decreased by 30.2 billion rubles or 30.2 percent. Goods and services provided by enterprises totaled 88.5 billion rubles in retail prices. However, in terms of prices of the first eight months of last year, the volume of output dropped by 20.9 billion rubles, including by 17 billion rubles by state enterprises. The highest production decline, in comparable prices, was noted in the enterprises of the machine-building and metal-processing complex, and the food industry. Fifty percent of the 20.9 billion rubles was precisely in these sectors. However, in terms of current prices, compared with last July, the August volume of output increased by 118 million rubles in industry, although it continued to decline in the power and food industries.

Production declined in all sectors; in the past eight months, compared to the first eight months of 1991, the volume of output declined in 446 enterprises or 71.9 percent of their total number.

Despite a reduction in the volume of output, the profit shown by industrial enterprises from the marketing of their goods increased in the first half of this year by a factor of 5.7 compared with the first half of 1991. However, this increase is not all that high if we take the overall level of inflation into consideration.

Two hundred twenty-nine enterprises and entrepreneurial companies set up on their basis suffered losses totaling 490 million rubles; of these, seven industrial enterprises accounted for 170 million. Due to changes in the procedure for settling accounts between Republic enterprises and the CIS countries, due to higher retail prices and difficulties in marketing finished goods, in July profits declined by nearly 3.2 billion rubles (excluding the re-evaluation of the currency and rate of exchange fluctuations).

The number of enterprises forced to stay idle for lack of material resources and raw materials rose from 103 in July to 105 in August. Compared with the corresponding period of last year, in the first eight months of this year the production of 99 different types of commodities out of the 113 commodities considered most important to the Latvian economy declined. Production dropped for 50 out of the 60 types of consumer goods, or 83 percent of the total. Because of stoppages at the VEF Production Association, in August production shortfalls accounted for 316 million rubles; at the Sloksk TsBK [Cellulose-Paper Combine] in Sloksk, 146 million; at the plant for

chain drives in Daugavpils, 87.5 million; and at the Alfa Corporation, 130 million rubles. Meanwhile, unsold goods worth 524 million rubles remain in the warehouses of the chain drives plant in Daugavpils; 430 million rubles' worth at the VEF, and 353 million rubles at Alfa.

During the month, because of idling of industrial enterprises, the volume of production shortfalls reached 12.3 billion rubles (13.9 percent of the overall volume of output). Stoppages were the reasons for the loss of 2.1 million man/labor days. This means that 12,600 people in industry did not work a single day for eight months and were actually cases of hidden unemployment. Furthermore, because of forced idling in August, workers were paid wages totaling 67.1 million rubles (19.9 million for August alone).

#### Agriculture

The general crisis affected agriculture as well. For the first eight months production totaled 1.1 million tonnes of milk, 236,000 tonnes of meat, and 426 million eggs. Compared with the same period in 1991, milk production dropped by 10 percent; meat by 13 percent; and eggs by 12 percent. The statutory companies and state farms increased their production by more than 50 percent for milk, 62 percent for meat, and 64 percent for eggs in the total volume of output. In August, however, production in the statutory companies and the state farms dropped as follows: milk by 16,900 tonnes; meat by 2,200 tonnes, and eggs by 7.2 million. The volume of produce sold to the state declined as well. Thus, compared with January-August of last year, in the period between January and August 1992 less cattle and poultry were sold to the state by 53,200 tonnes and milk by 301,800 tonnes. Purchase prices rose. In August, prices of cattle and poultry averaged 32.4 rubles per kilogram live weight and, compared with July, showed a seven-percent increase. The average purchase price of milk reached 8.60 rubles per kilogram, or 18 percent higher than July. The price of eggs increased by 41 percent and the average price for August was 36.2 rubles per 10 eggs. The average purchase price of grain crops increased as well.

#### Trade

A similar dismal situation was noted in trade as well. Compared with July, in August of this year retail prices in trade rose 16 percent. This included foodstuffs, 20.5 percent; alcoholic beverages, five percent; and durable goods, 12 percent. Furthermore, the prices of staple food products have increased. Thus, in August retail prices of meat and poultry rose 15 percent; sausages, 23 percent; fish and fish products, 56 percent; milk and dairy products, 14 percent; and bread, 47 percent. This year the retail trade structure changed as well. The reason was that the population had to spend most of its income on food. Whereas in 1991 the share of food products in overall trade accounted for 47 percent, it accounted for 74 percent in the second quarter of this year. On 1 August stocks on hand of the trade organizations

declined by 379.4 million rubles; on 1 September their value totaled 4.5 billion rubles.

#### Population Income and Expenditures

The instability of the economy and reduced volume of output as well as increased inflation are adversely affecting the living standards of the population. Although the population income in the first half of this year increased, compared with the first half of last year, by approximately a factor of 5.1, expenditures for necessary purchases have increased on a parallel basis. Thus, expenditures for food rose by a factor of 6.5. The growth of the family income (compared with the first half of 1991) could compensate for no more than 84 percent of price increases. For the poorer families compensation for increased prices did not exceed 58 percent. As early as the first half of 1991 the average income per family member was 30 percent higher than the cost of the consumer basket, on the level of the survival minimum for goods and services, whereas in the first half of this year the average income could compensate only for outlays for food and payment for services limited to the minimal consumer basket. Thus, in the first half of this year, the average monthly income per family member did not exceed 1,660 rubles. The volume of goods purchased declined as follows: furniture, by a factor of three; fabrics and haberdashery, a factor of 2.3; ready-made clothing, a factor of 2.1; knitted goods, 49 percent; and shoes, 42 percent. Demand for paid services declined considerably (by a factor of 2.9 in the area of consumer services). Nonetheless, population deposits in savings banks did not decline. In August they increased by 56.7 million rubles; on 1 September they totaled 4.86 billion rubles, including compensations for inflation.

#### Latvia, France Fight International Crime

93UN0041A Riga DIENA in Russian 26 Sep 92 p 7

[Article by Sandris Metuzale: "Police From Latvia and France Versus Organized Crime"]

[Text] Riga, 24 September. Representatives of the Latvian and French criminal police leadership have in the course of direct negotiations reached agreement concerning cooperation in the struggle against organized crime. A direct, unmediated link between the two countries' criminal police has been established, DIENA was told by L. Lijepinsh, Latvian criminal police chief, who was also head of the Latvian delegation to those negotiations held in France on 11-19 September.

The French are concerned by the fact that groups of organized criminals from the former USSR have begun to infiltrate Europe and have already included Germany in their area of operations. It is not impossible that France will be next, therefore the French police are attempting to make timely preparations for a criminal invasion from Eastern Europe and obtain all possible information from their eastern colleagues.



A second important topic of the negotiations was the struggle against the drug business, with particular attention devoted to Riga, which could become a transshipment point for criminals. Also brought up was the issue of motor vehicle theft and the international trade in stolen vehicles—each year up to 80,000 vehicles disappear in France, and it is not beyond possibility that some of them wind up on the Latvian market.

By the same token, Latvia may be supplying the Western market with stolen goods such as icons and other valuables stolen from churches. Therefore it was decided that the Latvian side would provide its colleagues, French policemen, with lists and photographs of antique items stolen in Latvia, a step which should help recover them.

The Latvian side also expressed interest in the possible purchase of special police vehicles in France, since France sells them off after two years of use. It is difficult to combat modern criminals using Russian-manufactured vehicles. The matter of whether to acquire French vehicles will be decided in the course of further negotiations.

#### **Ukraine/Latvia Revise Settlement of Accounts**

93UN0041B Riga DIENA in Russian 26 Sep 92 p 1

[Article by Janne Silis: "Revision of Latvian-Ukrainian Mutual Accounts Expected"]

[Text] Riga, 25 September. It is essential that Latvia and Ukraine compare their mutual accounts. That task will take two months. An agreement to that effect was reached between I. Godmanis, head of the Latvian Government, and V. Fokin, prime minister of Ukraine, who is currently in Riga on a short working visit.

Such a comparison is essential because a sort of "ice age" has set in with regard to interstate accounts since the Bank of Latvia unilaterally froze mutual accounts. The reason for that was the arbitrary emission of credit carried out by the Bank of Ukraine in its accounting with Latvia. As you are aware, last week the Bank of Latvia managed to reach agreement on restoration of mutual accounts with Ukraine. An interbank agreement was signed, and by initiative of the Bank of Latvia the Ukrainian side's debts in that agreement were calculated as a debt of the Ukrainian state to Latvia. That amount is approximately R8 billion [rubles]. Payment of that debt must be discussed at the governmental level, not by banks. As DIENA learned from Prime Minister V. Fokin, thought was given to what must be done to ensure that enterprises' mutual relations will not be dependent upon the expected comparison of accounts. In order to reestablish mutual relations between enterprises and to facilitate mutual accounting it was proposed that special accounts be opened and technical credits extended.

V. Fokin listened with great interest to a report by I. Godmanis about the mechanism for Latvia's transition to its own unit of currency. "That still lies in the future

for us, therefore our neighbors' experience is particularly valuable," commented the Ukrainian prime minister.

In response to a question from DIENA about whether Ukraine is prepared to sell Latvia grain, V. Fokin responded negatively. Despite the fairly large harvest in that republic, it has not proved possible to procure a sufficient quantity of grain for state reserves. Therefore grain sales can be carried out only by means of direct contracts between customers and producers.

As DIENA was informed by M. Dutsmanis, Latvian Republic government press secretary, the matter of a Ukrainian embassy in Riga will be discussed by V. Fokin and Latvian minister of foreign affairs J. Jurkans during a dinner at the Ridzene Hotel. Kiev has recently accredited an authorized representative for Latvian affairs.

The Ukrainian prime minister returns home today.

## **LITHUANIA**

#### **Green Party Touts Election Achievements**

93UN0125A Vilnius EKHO LITVY in Russian  
30 Sep 92 p 1

[ELTA report: "Green Party: Overcoming the Consequences of Eco-Genocide"]

[Text] Vilnius, 29 September—Members of the Green Party Council, Ruta Gajauskaite, Rimantas Astrauskas, and alderman Romualdas Juknis, deputies of the Supreme Council, met with journalists at a briefing in the Supreme Council.

Deputy Ruta Gajauskiene expressed satisfaction that deputies representing the Green Party had implemented their election program better than the representatives of other political parties and movements. New ideas had been introduced, and new structures created. An Environmental Protection Department, still without parallel anywhere in the world, had been created under the auspices of the Supreme Council. The first laws, which will help remove the consequences and causes of ecogenocide—the pollution of rivers, the sea, and the soil and the manufacture of substandard foods, which was a cause of the increase in the morbidity level—have been enacted.

The activity of the Green Party will entail changes in the political, economic, social, industrial engineering, and international systems. The Green Party program will not undergo significant change at the coming elections, and it will be made only with regard for what has already been done.

### Social Democratic Party Platform

93UN0125B Vilnius EKHO LITVY in Russian  
30 Sep 92 p 2

[Interview with Aloyzas Sakalas, chairman of the Social Democratic Party of Lithuania, by S. Sileikyte; place and date not given; published under the heading "Political Parties and Public Movements: On the Threshold of the Elections": "Our Goal Is Democracy"]

[Text] Social Democratic Party of Lithuania [SDPL]. Fixed membership. The party has 450 members. Participating in the elections in a coalition with moderate Christian Democrats. What is the party bringing to the elections, what is fundamental in its program? We talk about this today with Aloyzas Sakalas, chairman of the Social Democratic Party of Lithuania.

[Sileikyte] The first thing I would like to ask is: What do Lithuania's Social Democrats not accept, what is absolutely alien to them?

[Sakalas] The division of society, which we are observing at the present time, and the ravaging of Lithuania's economy are unacceptable to us. We are for profound reforms, but reforms which are well balanced, considered, and backed by material and technical and intellectual resources. Both radicalism and ultraconservatism are unacceptable to us, therefore. We are centrists.

[Sileikyte] Both you and other leaders of your party have declared repeatedly that the aim of the SDPL is social democracy.

[Sakalas] In principle it is. But this is one aspect. Our party's tasks are embedded more fully in its name: "Toward Full Democracy." The program contains three important sections. They concern political democracy, social democracy, and economic democracy.

Political democracy presupposes that each citizen of Lithuania is protected by the laws, in other words, there should be no people without rights in Lithuania. Human rights must be protected by the law and the courts. For this reason the basis of political democracy is the constitution, and only the constitution may qualify, or more precisely, delineate, the rights and obligations of the individual.

Social democracy is a societal structure in which account is taken of the interests of all groups of society. We cannot create favorable conditions for one group of the population, for entrepreneurs, say, while forgetting people who find themselves in a more difficult situation. In a word, interests should be balanced.

Economic democracy is designed to stimulate the investment activity of all citizens of Lithuania. Only thus can we restore Lithuania's ravaged economy.

[Sileikyte] What are the means for the realization of these principal program aims?

[Sakalas] We need civil harmony first and foremost. We Social Democrats propose the signing of a social harmony pact, that is, an agreement of all political forces on the priorities: independence, national security, democratic methods in parties' programs and activity, and absolute observance of individual rights and liberties. This would be the preamble which would unite us for common work.

I have already spoken about the importance of the adoption of the constitution. It should establish a precise correlation among the legislature, executive, and judiciary. We need legal reform. We have no constitutional court or other institution performing its functions. If, say, the Seimas enacts an anticonstitutional law, there is no one to whom to protest it. We also need an administrative court limiting the arbitrary action of officials. Such an office as parliamentary controller, who would represent the citizens' interests and watch to ensure that the laws are applied correctly, should be introduced, possibly.

Then it is essential to develop the system of self-government. We are for single-level self-government. For example, provision is made under the new administrative-territorial division for volosts. Consequently, there should be only volost self-government. The self-government commissions should include both deputies and representatives of public organizations, associations of doctors, teachers and so forth, say. A link between the citizens and the power structures would thus emerge. All this concerns the political structure.

In the social sphere our actions could popularly be explained as follows: The young man helps the old man, the person in work, the unemployed, the rich man, the poor, the healthy, the sick. There are spheres which will be maintained wholly by the state. These are health care, education, and social security. Where is the money for them to come from? We can regulate the tax system such as to ensure that it is profitable to entrepreneurs to develop production and thereby put cash into circulation for the creation of jobs. Then we need to economize. The former government squandered money. This cannot be permitted. Control both at the self-government level and higher is needed—the taxpayers should know where their money is going. The administrative apparatus should be perfected also. I refer not only to its reduction (this would yield few resources) but mainly to the efficient functioning of the administrative apparatus, on which the efficiency of the operation of the economic mechanism depends. Bold cuts could be made in arms expenditure. Approximately eight percent of the budget is allocated to this end currently. I believe that five even would be sufficient. This alone would mean considerable savings. We could also raise taxes on luxury items. And channel all these resources into the social sphere.

As far as economic democracy is concerned, for its realization it is essential, first, to renounce state intervention in the spheres in which people can operate themselves. I refer to a change in the functions of the

ministries. They now distribute and command, whereas the parties concerned should regulate the market and advise. And, most importantly, the citizens' investment activity. It is said that we lack currency resources. It is known from certain sources that Lithuania has several billion dollars. This money is being held by people as a dead load. Were we to pursue a favorable investment policy, it would be put into circulation. After all, individuals have very little ready cash in the West—only in checking accounts. The rest is set in motion via the banks. In order that this be the case with us also people must be confident that the invested monies will not disappear. Today, however, on account of the tangle of laws and the destructive policy of the former government, people do not trust the authorities.

[Sileikyte] What can you say about policy in respect to the national minorities?

[Sakalas] All citizens of Lithuania, regardless of their nationality, have equal rights. We, for example, supported the announcement of elections in the Salcininkai and Vilnius districts. We believe that all national minorities have the right to develop their own national culture: their own schools, press, and theaters. This is cultural democracy—one further principle of our program—in action. Its implementation would make us all more tolerant, which is something we are particularly lacking at this time.

[Sileikyte] You have formed a coalition with moderate Christian Democrats. Why with them precisely?

[Sakalas] Their program is close to us, as is the fact that they put the emphasis on spiritual values. It should not be thought, incidentally, that the Social Democrats are atheists. Very many of them are deeply believing people. We even intend establishing a Christian Social Democrat faction.

Representatives of the Afghan veterans' movement, the unions, the Women's Union, and others are on our list also.

I may further say that the deputies of the present Supreme Council who are members of our party are running, in the main, in their former constituencies. Seventy candidates from our party are running altogether.

[Sileikyte] Thank you for the interview.

**Russia-Lithuania Agreement on Troop Withdrawal**  
93UN0090A Vilnius EKHO LITVY in Russian  
11 Sep 92 p 4

["Agreement Between the Lithuanian Republic and the Russian Federation on Rules for the Behavior and Functioning of Russian Federation Armed Forces Units, Subunits and Military Personnel in the Process of Withdrawal"]

[Text] The Lithuanian Republic and the Russian Federation, subsequently to be referred to as the Parties, have agreed to the following:

#### Article 1

Units and subunits of the Russian Federation Armed Forces are to be deployed within the boundaries of military towns and separately located military facilities until their final withdrawal.

Territory outside the boundaries of military towns and separately located military facilities, as well as military training grounds and former military forest zones, are not be used by units and subunits of the Russian Federation Armed Forces.

#### Article 2

Matters pertaining to military service in military towns and at military facilities are under the jurisdiction of the military command of units and subunits of the Russian Federation Armed Forces and subject to compliance with Lithuanian Republic legislation guaranteeing public safety, ecological safety and environmental protection.

#### Article 3

Military transport between military towns, airfields and other separate military facilities may move only after receiving consent to the procedure, route and time of movement from the duly authorized representative of the Lithuanian Republic Government.

Procedure for obtaining consent to military transport movements is to be determined by duly authorized representatives of the Parties' governments.

#### Article 4

The presence or movement of armed military personnel is not permitted outside the boundaries of military towns and separate military facilities except in cases in which the military personnel are being dispatched on military watch or are accompanying shipments of money and other valuables according to a schedule approved by the duly authorized representative of the Lithuanian Republic Government. The duly authorized representatives of the Parties' governments have a right to agree upon other cases in which armed Russian Federation Armed Forces personnel may be displaced.

In the event of failure to abide by the stipulations of this article the weapons and munitions in question may be seized by Lithuanian Republic police according to procedure established by Lithuanian Republic legislation.



**Article 5**

Military personnel serving compulsory service may visit cultural institutions and other institutions located outside the boundaries of military towns and military facilities only in uniform and only as part of a group accompanied by an officer or a non-commissioned officer.

**Article 6**

Military patrols are not permitted in any form in the cities, population centers, streets or other territory of the Lithuanian Republic.

Military highway police may perform their functions only according to a procedure and in cases agreed to by the duly authorized representative of the Lithuanian Republic Government.

**Article 7**

Military motor vehicle transport may cross the Lithuanian Republic state border only by permission of the duly authorized representative of the Lithuanian Republic Government at specified border crossings along the state border and upon presentation of documents and declarations of the freight being transported to the Lithuanian Republic Customs Service.

**Article 8**

No measures for the maintenance or inspection of the combat readiness of units and subunits of the Russian Federation Armed Forces may be conducted outside the boundaries of military towns and military facilities.

**Article 9**

No change in the place of deployment of units, subunits and military equipment belonging to the Russian Federation Armed Forces within the territory of the Lithuanian Republic, even of brief duration, may be made unless the change in question constitutes the withdrawal thereof.

Replacement and reinforcement of personnel in Russian Federation Armed Forces units and subunits may not be carried out.

Nor may weapons, military equipment and munitions may be replaced or added to.

**Article 10**

Units, subunits and military personnel of the Russian Federation Armed Forces may not conduct reconnaissance operations within the territory, airspace or territorial waters of the Lithuanian Republic or from the territory of the Lithuanian Republic.

**Article 11**

Training for drivers of military transportation may take place only during the daytime and within the boundaries of military towns.

**Article 12**

Movement of tracked military vehicles under their own power outside the boundaries of military towns is not permitted, with the exception of movements along agreed-upon routes in connection with the withdrawal of a unit or subunit. As a rule, special trailers must be used to move tracked military vehicles.

**Article 13**

The commanders of units and subunits of the Russian Federation Armed Forces must ensure and are responsible for the safe storage and handling of weapons, munitions and toxic, radioactive or other hazardous materials at depots and within the territory of military towns and other facilities.

**Article 14**

The commanders of units and subunits of the Russian Federation Armed Forces bear responsibility for the preservation and maintenance, in accordance with Lithuanian Republic legislation, of cultural heritage sites occupied by them.

**Article 15**

Procedure for the use of radio frequencies by units and subunits of the Russian Federation Armed Forces is to be determined by agreement between duly authorized representatives of the Parties' governments.

**Article 16**

Flights within Lithuanian Republic airspace and navigation by military vessels in the territorial and internal waters of the Lithuanian Republic are to be conducted on the basis of Lithuanian Republic legislation and by agreement between the Parties.

**Article 17**

The Government of the Lithuanian Republic will supply water, heat and electric power, means of communication and other services for fees comparable to the standards established for Lithuanian Republic state institutions, and food products at contractual prices, to the units and subunits of the Russian Federation Armed Forces which are to be withdrawn, up to the date of their final withdrawal.

**Article 18**

This Agreement will take effect on the date of its signing.

Concluded in Moscow on 8 September 1992 in two copies, each in Lithuanian and Russian, with both texts having equal validity.

[Signed] A. Butkevicius, for the Lithuanian Republic

[Signed] P. Grachev, for the Russian Federation

#### **Supreme Council Official Views Polish-Lithuanian Relations**

92UN2164A Vilnius LIETUVOS AIDAS in Lithuanian  
19 Aug 92 p 3

[Interview with Supreme Council Foreign Affairs Committee Chairman Vidmantas Povilionis, by Lina Peceliuniene: "The Burden of Historical Wrongs"]

[Text] In an August 14 interview in Pozicija, the ambassador of the Republic of Poland in Lithuania Jan Vidacki said: "... our fellow countrymen in America and Canada got there voluntarily, having deliberately left Poland. But those Poles who live here (in Lithuania - ed.) never left Poland. It was Poland that left here. ..." We asked Supreme Council Foreign Affairs Committee Chairman Vidmantas Povilionis to comment on the ambassador's statement.

[Povilionis] They used to tell us that only radical Polish extremists have such an attitude towards Lithuania, that it's not the official opinion of the Polish government and administration. And we believed it. Now an official person, the Polish ambassador, has stated such an opinion. If that is the official Polish line, then we see that this neighboring country is maintaining its old position: that the Vilnius region and Lithuania belong to Poland. This proves that we were right when we wanted the 1920 aggression mentioned during the normalization of relations with Poland. Poland has not abandoned pretensions to Lithuania and has not acknowledged that in the 1920s she carried out aggression against the territory of a foreign country. J. Vidacki's statement that "it was Poland that left here" asserts that this is Poland's territory. It is an attempt to spoil relations between Lithuania and Poland. I am not ready to judge as to why. It seemed to me that relations should improve. Lithuania and Poland have common problems to solve. We could have drawn together in our positions especially over the demilitarization of Kaliningrad and other questions related to that area. At this time I see that Poland has chosen another path, that of undermining our relations.

[Correspondent] In that same interview J. Vidacki reproaches the Lithuanian government for the situation of the Poles in Lithuania. No one can deny that the situation of the Poles in Lithuania is much better than in Belarus or Ukraine, but the ambassador calls Poland's relations with those states successful. Why such "special" attention to Lithuania?

This shows that Mr. J. Vidacki is not concerned about the actual situation of the Poles. If Poles registered as Belorussians, after moving to Lithuania (they make up half of the inhabitants of Salcininkai), even have the right to change their nationality and register as Poles, then this does not resound in Belarus's favor. Paying

"special attention" to Lithuania is political gamesmanship. Poland has chosen Lithuania as her target. Poland thinks that by pressuring us she can get useful concessions in Lithuania. But she should understand from the history of relations between our states that no pressure will be of any help. If Poland wants to have problems in yet one more corner (even though our border with Poland is not very long), then she can create them for herself by pressuring us. This shows an unwise policy.

Opinion polls in both Moscow and Poland show that sympathy for Lithuania has decreased in both countries.

The interests of both those states coincide. The propaganda campaign is similar from both sides. The interview by J. Vidacki shows that the propaganda is not accidental and not dictated just by extremist elements. One feels the official line in that propaganda.

When Lithuania had almost no hope of winning, the simple people of those countries sympathized with us as a weak neighbor incapable of resisting. Now our state is getting stronger. The neighbors see that they will not be able to squeeze any use out of us, that they will not be able to turn us into a satellite. That is why they have started tendentious propaganda. Of course, the most sensitive topic is to talk about your oppressed countrymen. It is hard to check how your countrymen are really living there, while emotions work without proof. So the opinion poll findings are the result of deliberately directed propaganda.

[Correspondent] In your opinion, will we see renewed attempts to establish territorial autonomy? Will the same reasons be put forth that the CPSU and the KGB tried to use to split Lithuania?

I think that interest remains in seeing a variation of Transdnister in Lithuania. It was hard to achieve, since Lithuania's people stayed very united. After so many years of dealing with propaganda, both non-Lithuanians and non-Lithuanian-language speakers did not become confused and blindly follow the so-called CPS-ers. I think Lithuania will hold out now as well. We will not create conditions for the conflict to flare up.

We had believed that Poland sincerely wants to help Lithuania "enter Europe." They wanted to lead us to Europe, but began to block the road themselves. We were ready to open a new border crossing point in May, but Poland was not. Now they are only talking about autumn. Poland's unwillingness to open new border crossing points shows a desire to worsen our relations with the world. We receive many letters from around the world from people indignant at the conditions at the one existing crossing. This unnormal condition continues to be maintained.

[Correspondent] There are Poles who are very sincerely surprised that we have not united with Poland by now.

It is a private matter for every state, just as for every individual, with whom it wants to be friends. If we see a

real desire to help, not just declarations or empty words, we can doubtless consider a broad range of possibilities. But the historical experience of relations with Poland is difficult. That experience is confirmed today from all sides, so it is not worth even talking about unification. On the other hand, one must understand those people who are historically of Lithuanian ancestry but who changed their language and crossed over into Polish culture. They want to see themselves in their own country and cannot imagine it happening any other way than by Lithuania drawing closer to Poland. Due to Poland's 1920 aggression, Lithuania became, unfortunately, a state composed solely of Lithuanian-speaking people. Lithuania is much larger than the present territory of the republic. Everyone understands this. Ethnographically Poland is considerably smaller than her present territory.

Our state interests required that we unite all of Lithuania's lands, but the 1920 aggression stopped and destroyed that aspiration. Having become a state only of Lithuanian-language speakers, we are still being accused by those same aggressors of interfering with their freedom of action, as though we were their periphery or colony. All the demands which the Polish side raises against Lithuania are a diktat or impermissible interference in the internal affairs of another country. But pressure produces a contrary result.

I am an optimist. I think that, sooner or later, we will normalize relations with Poland. But I also see that this is being hindered. The effects of the shaping of society, which lasted so long, will not disappear in a year or two. Sediments remain. It is too bad.

The foreign ministry should evaluate the J. Vidacki interview, and as soon as possible. We cannot let our relations with Poland remain in such a state.

#### **Berezov Refutes KGB-Collaboration Accusations**

92UN2164B Vilnius LIETUVOS AIDAS in Lithuanian  
20 Aug 92 p 1

[Article by Lina Peceliuniene: "The Entire Lithuanian Nation Had Dealings with the KGB"]

[Text] That's what deputy V. Berezov said yesterday at the Supreme Court, which was considering the case regarding confirmation of the juridically significant fact of whether V. Berezov deliberately collaborated with the KGB and hid that fact from the electorate. In his response Berezov named the Kedainiai factories where he had told voters that he had been a translator in 1948-1949 for the Kaunas Ministry of State Security, but the voters showed no interest in that fact, because that was "in the old days." He had also talked about the translator's job on TV programs. The fact had not been

mentioned on his election poster. V. Berezov asserted that the KGB had persecuted him. Right before the elections (in February) an article appeared in KRANKLYS titled "Greetings, Stribas Berezov," which contained false information. V. Berezov did not take KRANKLYS to court because he was afraid that the KGB could fabricate documents, while he would not be able to find witnesses. V. Berezov denied that while translating he himself had used violence against those being interrogated.

"If I had done for 18 years, I would now be some sort of maniac." In Berezov's opinion, witnesses talk about his cruelty only to put pressure on the court. "If the court, in confirming the fact of collaboration with the KGB violates the law on verification of deputies' mandates, it seems that it will not commit an offense against humanity."

When he voted for this law, V. Berezov did not think that it could be applied to him. He thought it was "only for Sajudis activists who turned out to be KGB agents."

V. Berezov could not answer the question why in case files found in KGB archives his duties were listed as KGB collaborator, operative, and translator.

The court session continues today at 10:00.

#### **Increased Alcoholism Among Russian Troops**

92UN2164C Vilnius LIETUVOS AIDAS in Lithuanian  
22 Aug 92 p 4

[Article by G. M. Parange: "Alcoholism in Russian Army Units Poses Serious Danger"]

[Text] Recently Russia's ministry of defense, joint CIS armed forces staff and the military prosecutor's office have become concerned with the spread alcoholism in the army. Three times as many incidents of drunkenness in military units were registered in the first half of this year as last year. The drunken Russian soldier was already a stereotype in tsarist times.

The ministry of defense decided to strengthen the penalties for drunkenness in the army. But will it help?

Alcoholism is also widespread in the Russian Army units stationed in Lithuania. Drunken soldiers often violate the public order.

On August 14 about 23:00 on Lyna St. in Siauliai V. Laurinchiuk and J. Shenkiy of Russian army units No. 95846 and No. 55366 were detained for intoxication.

In Kedainiai police officers took the soldier V. Petrov of RA unit No. 11807 to a sobering station. On August 16 the soldier I. Karpov of military unit No. 32833 was brought to the same sobering station.



The head of military unit No. 41610, lieutenant-colonel S. Yegorov, was held involuntarily for a time in the Kedainiai medical sobering office.

On August 16 at 23:00 in Klaipeda rayon, at the third kilometer of the Priekule-Dreverta road, soldier A. Kalpasnikov of Russian army military unit No. 61415 lost control of a "URAL-4320" truck belonging to that same unit. The vehicle crossed over into the opposite

traffic lane and crashed into another vehicle, UAZ-452, standing at a bus stop, driven by S. Rekasius. The driver of UAZ- 452 was killed. The soldier fled the scene of the accident. While fleeing he again lost control of the vehicle and plunged into the Dreverta canal. The vehicle sank. Soldiers A. Kalpasnikov and A. Fekushin were detained. An unknown person who had been riding with the soldiers escaped.

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